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English Edition

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Settling the Dust: Tracking regional efforts to tackle sandstorms

INTERNATIONAL

Sino-EU Ties: Europe seeks own path in China relations

TAP AND GO

As some Chinese e-commerce platforms find overseas success, others must diversify amid market headwinds

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China needs to tackle its high youth unemployment rate

In the first four months of 2023, China experienced strong economic recovery. On May 16, the United Nations increased its China growth rate forecast for 2023 to 5.3 percent, up from the 4.8 percent forecast in January. In April, stronger economic activities helped drive the urban unemployment rate down to 5.2 percent, from 5.5 percent in the previous month. However, the unemployment rate among youth between 15 and 24 remains high at 20.4 percent, up from 16.7 percent at the end of 2022.

Higher youth unemployment rates are a global problem, in some cases up to two or three times the overall unemployment rate. As many young people are entering the labour market for the first time, they lack knowledge and experience in areas such as job searching, career planning and career development, and there is often a mismatch between their education and the demands of the job market. It is a universal challenge for youth all over the world to successfully navigate the final stretch from school to the workplace. Second, economic recession hits young workers first while they are the last to benefit from economic recovery.

The structure of both China's economy and its labour force exacerbates the problem. In China, there is a significant disparity in the level of human capital between urban and rural areas, as well as across different regions. As employment opportunities are predominantly concentrated in urban areas and more developed regions, rural youth and those from less developed areas face the dual pressures of having lower quality human capital and insufficient job opportunities. The structural and regional mismatch between supply and demand for youth labour poses a much greater challenge for China.

Additionally, as China's economy is undergoing rapid transformation and upgrading, labour-intensive industries are declining, leading to a shrinking job market for low-skilled workers. Many young people who lack adequate education and training have failed to keep up with the transformation. In recent years, new forms of employment related to the emergence of social media, like livestreaming, marketing and making content, have played an increasingly important role in job creation. These are often the first jobs that many young people do. However, these new forms of employment lack protection and job stability. Frequent job hopping among workers in these forms of employment further contributes to the elevated youth unemployment rate.

> To address the crucial issue of the last mile between schools and the labour market, it is necessary to establish and improve mechanisms and institutions

To address the problem of youth unemployment, China needs to focus on improving the level of human capital for the young and ensuring their skills better match what the market needs. Apart from reforming the education system to ensure more integration with the market, the government should establish a training system specifically targeting young people, empowering them to become competent workers.

To address the crucial issue of the last mile between schools and the labour market, it is necessary to establish and improve mechanisms and institutions. It is recommended that the government steers schools to establish specialised career guidance teams and encourage human resource service companies to provide appropriate support for youth employment. The government should also provide strong incentives, such as su bsidies for recruiting and training.

Research indicates that the impacts of unemployment for young people entering the job market for the first time have long-term effects on their performance. The government should make creating job opportunities for young people a top priority.★

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Publisher: Chen Lujun

Executive Director:
Chen Lujun

Editor-in-Chief: Tan Hongwei
Deputy Editor-in-Chief: Li Jia
Deputy Managing Editor: Du Guodong

Editorial Office
Copy Editors: Kathleen Naday, James Tiscione
Lead Writer: Yu Xiaodong
Senior Editors: Wang Yan, Yi Ziyi
Editors: Xie Ying, Xu Ming, Wu Jin
Consultant Editor: Chen Shirong
Address: 5th Floor, 12 Baiwanzhuang South Street, Xicheng District, Beijing, China
Post Code: 100037
Tel: 86-10-88395566
Fax: 86-10-88388045
Email: audience@chinareport.co.uk
Website: www.ChinaReport.co.uk

Art Department
Art Director: Wu Shangwen
Art Editor/Designer: Zhang Dawei

Marketing/Advertising/Subscription
EMEA Office
Foremost 4 Media
Duty Editor: Sophie Lang
Email: sophie@foremost4.media
Tel: +44 7947 500129
+44 20 7224 8812
Website: foremost4.media

Marketing Office in China
Director: Wang Chenbo
Account Manager: Ren Jie
Tel: 86-10-88388027
Circulation Manager: Yu Lina
Tel: 86-10-88311834

London Office: Ouyang Kaiyu
New York Office: Wang Fan, Liao Pan
Washington Office: Chen Mengtong, Sha Hanting
Los Angeles Office: Zhang Shuo
San Francisco Office: Liu Guanguan
Toronto Office: Yu Ruidong
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Jakarta Office: Lin Yongchuan

Legal Advisor: Allen Wu

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ChinaReport looks into how Chinese firms are expanding overseas to adapt to global and domestic market changes

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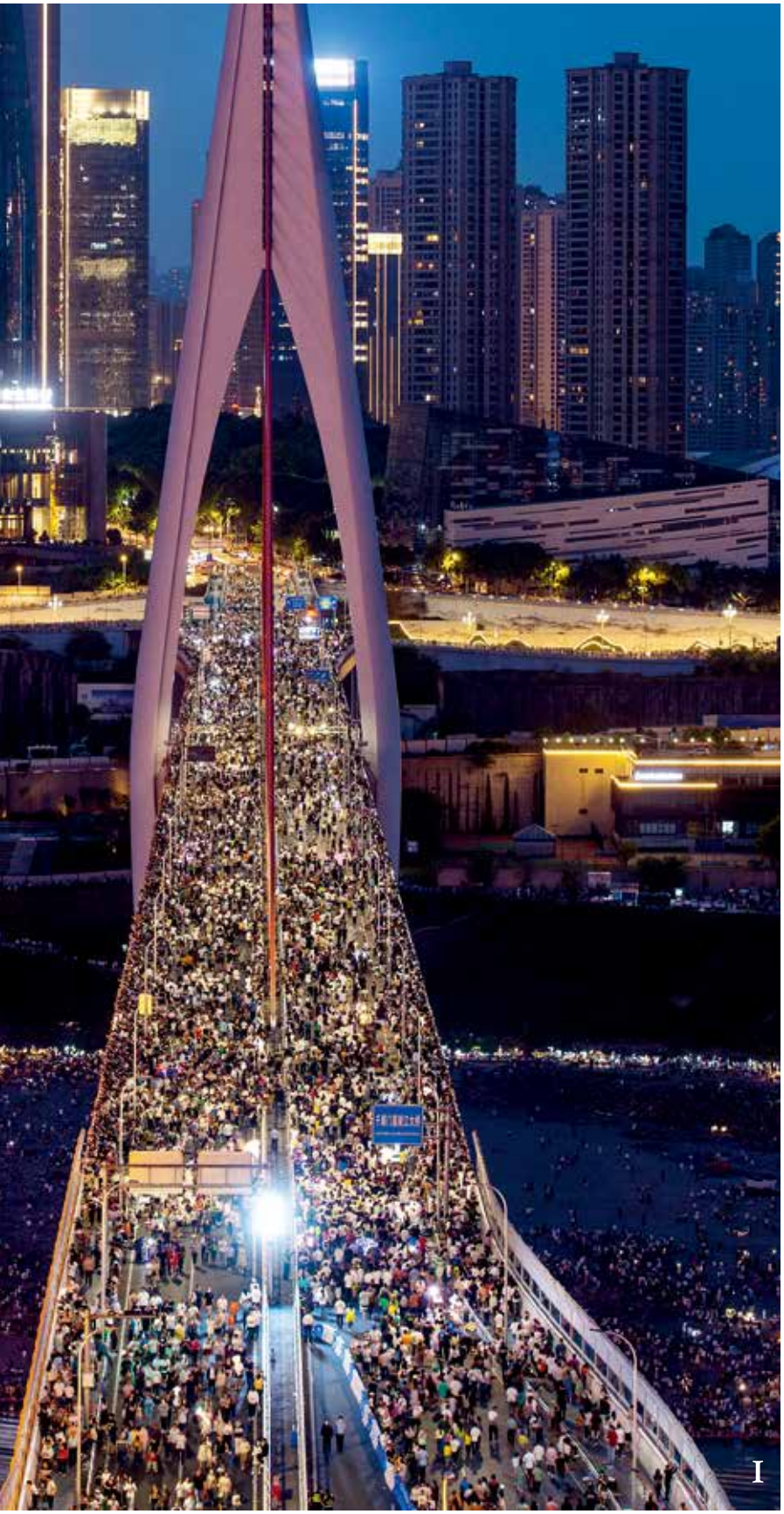

1. Throngs of tourists walk on Jialingjiang Bridge, Chongqing, May 1, 2023 (Photo by VCG)

2. Tourists whitewater raft at Wuzhi Mountain, Hainan Province, April 30, 2023 (Photo by VCG)

3. Hankou Railway Station sees an influx of returning travelers during the Labour Day holiday rush, Wuhan, Hubei Province, May 3, 2023 (Photo by VCG)

4. Tourists wearing imperial costumes walk outside the Temple of Heaven, Beijing, May 3, 2023 (Photo by VCG)

5. Caravans of camel-riding tourists visit the Singing Sand Dunes, Dunhuang, Gansu Province, May 1, 2023 (Photo by VCG)

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1. Diners pack a night market for barbecued meat skewers, Zibo, Shandong Province, April 30, 2023. The small city became a popular tourist destination overnight after videos featuring its street barbecue stalls went viral online (Photo by VCG)

2. Diners eat at an outdoor barbecue restaurant, Zibo, Shandong Province, March 23, 2023 (Photo by IC)

3. People pack an outdoor barbecue resaurant, Zibo, Shandong Province, April 29, 2023. Most tourists visiting Zibo for barbecue are in their 30s and 40s (Photo by VCG)

4. Pictured is a typical Zibo barbecue offering of meat, pancake and scallions, Zibo, April 16, 2023 (Photo by IC)

5. A Dai woman runs for cover during the Water-Splashing Festival, Xishuangbanna, Yunnan Province, May 6, 2023 (Photo by VCG)

6. Sky lanterns are released during the Water-Splashing Festival, Jinghong, Yunnan Province, April 13, 2023 (Photo by VCG)

New Influx of Overseas Capital

ChinaReport , Chinese Edition April 24 2023

Over 100 top executives from global corporations attended the China Development Forum and Bo'ao Forum for Asia in late March to demonstrate their growing interest in China after its three-year pandemic lockdown ended. From January to February, the disbursement of foreign investment hit US$39.71 billion, up 1 percent year-on-year. Over the past three years, China's actual use of foreign investment increased from US$144.4 billion in 2020 to US$189.1 billion in 2022, a record high. With the shift of labour-intensive manufacturing bases to Southeast Asian countries, China is focusing more on the Regional Comprehensive Economic Partnership trade deal with high value-added production. Meanwhile, Chinese governments at all levels are sending signals of a fairer business environment, aligning with the high standards of international economic and trade rules in order to better protect intellectual property rights and lure high-quality overseas investment.

China Is Challenged by US Asia-Pacific Policy

World Affairs April 16, 2023

In the belief that China is the only country with the intent and power to reshape the international order, the Biden Administration established the QUAD security grouping, set up a comprehensive strategic partnership with ASEAN, rolled out the Pacific Deterrence Initiative and leveraged China's Taiwan question over the past few years to decouple from and contain China. It is cementing ties with Japan and South Korea and developing nuclear-powered submarines with Australia despite criticisms from South and Southeast Asian countries. Under the guise of curbing illegal fishing, the US is proposing the Indo-Pacific Maritime Domain Awareness Initiative to share data and launch a recognition system without China's participation. In 2023, China and ASEAN continued their negotiations on a Code of Conduct for the South China Sea. Beyond that, China is cementing relations with Central Asia to stabilise its western borders. Amid Sino-US tensions, NATO allies like France are trying to seek neutrality.

Anatomy of the EV Market

Xinmin Weekly April 24, 2023

The 20th Shanghai International Automobile Industry Exhibition held in April was a showcase for the exponential growth of electric vehicles (EV) in China over the past three years, when Chinese manufacturers have taken up one quarter of the global market share. But a reshuffle is approaching. The market for new domestic EV brands, some of which were absent from the exhibition due to economic losses, fell by 6.6 percent year-on-year in March, signalling an endangered future. The cancelling of State subsidies and discounted Tesla sales since early 2023 have caused price drops throughout the domestic market. Lower-tier cities are no longer sanctuaries for domestic brands like BYD and critical technologies like chips, batteries and vehicle control units remain weak links.

National Botanical Gardens Preserve Biodiversity

Oriental Outlook
April 20, 2023

As a country with some of the richest biodiversity in the world, China is home to about 38,000 species of vascular plants, accounting for about 10 percent of the world's total. China National Botanical Garden in Beijing and South China National Botanical Garden in Guangzhou, capital of Guangdong Province, have been upgraded as the first two national-level botanical gardens since their inception last year when both were authorised to nurture non-indigenous species by means of relocating, pollinating, seeding and cultivating organs or cells of the plants on the brink of extinction. The National Botanical Garden System Construction Plan (2022-2035) has been completed and a number of potential national botanical gardens have been incorporated into the layout. Experts argue that national parks have rich plant resources, while national botanical gardens are strong in scientific research.

Fantasy Adaptations Flourish

World Vision
April 16, 2023

Fantasy adaptations such as *The Journey of Flower* and *Eternal Love* have flourished on screen with the help of AI technologies. They herald a new genre of fantasy based on online fiction and computer games, such as the *Sword and Fairy* series. Mythological tales in China started with searches for an immortality elixir. They evolved with the *Tao Te Ching*, *Zhuangzi* and the *Book of Changes* before being enriched by Buddhist scriptures and Confucian texts. In many Chinese myths, justice is an indispensable theme that prevails in today's *wuxia* fiction. Like Western fantasy franchises including *The Lord of the Rings* and *Harry Potter*, Chinese fantasy is expected to boom both on and off screen. As AI-assisted special effects pave the way for oriental fantasy, a complete industry chain will be the way forward for future adaptations.

"The exam-oriented education system instills cognitive inertia in students where there is always a right answer. This may negatively influence their abilities to conduct original scientific research and challenge the scientific frontier."

Shi Yigong, president of Westlake University, in his latest book where he suggests China's college entrance exam should give students and schools more avenues to cultivate talents that fall outside the exam system

"State-owned assets and private capital used to be independent, and would merely observe each other's business decisions from a distance. Reform that allows private capital in SOEs shortens that distance, giving both a chance to learn from each other. Mutual shareholding and integration of SOEs will also provide a window for others to learn from their counterparts in advanced regions or those with higher degrees of marketisation."

Zheng Zhigang, finance professor at the Renmin University of China, in an interview with newspaper *The Enterprise Observer* on March 15

"The pressing task is to stabilise the China-US relationship, avoid a spiral of decline and prevent any unexpected incidents between China and the US. This should be the most fundamental consensus between China and the US..."

China's Foreign Minister **Qin Gang** during talks with US Ambassador to China Nicholas Burns in Beijing on May 8

"From a regulatory standpoint, we should respect the market and not give banks too many supervisory targets unrelated to their operational security... When allowed to enter the market, banks will find suitable customers and services, including special business, to form their own core competitiveness."

Liu Xiaochun, deputy director of Shanghai Finance Institute, on what the Chinese banking industry can learn from the recent closures of European and American banks, in a recent interview with social media news outlet New Finance Union

"THE VAST AND IMPORTANT APPLICATIONS OF STARSHIPS MEAN THAT CHINA WILL INEVITABLY DEVELOP SIMILAR SUPER-HEAVY CARRIER ROCKETS IN THE FUTURE. THE DEBATE OVER THE RESULT OF THE LATEST STARSHIP LAUNCH REFLECTS THE MORE AMBITIOUS GOALS OF CHINA'S SPACE INDUSTRY IN THE NEW ERA OF AEROSPACE."

Zhou Binghong, a researcher at the National Space Science Centre, Chinese Academy of Sciences (CAS), and Zheng Yongchun, a researcher at the National Astronomical Observatories, CAS, in an article for *ChinaReport* 's Chinese edition following SpaceX's Starship launch on April 20

"The history of central bank intervention in the exchange market shows that eventually the market will overcome the central bank's efforts to stabilise the exchange rate. Therefore, it is important to gradually phase out interventions and reduce their frequency to zero. But again, at this time, I haven't announced that we have no intervention. And we still, in the policy statement, follow the IMF suggestion that under the extreme capital flight situation, we reserve the right to intervene."

Yi Gang, president of the People's Bank of China, at the Peterson Institute for International Economics seminar held in Washington, DC on April 15

"The world will be multipolar in the future, but its stability will depend on the US's relationships with China and Russia... If Washington does not change course, we cannot rule out the possibility that China and the US will clash, which will be detrimental to the entire international community."

Wu Xinbo, director of the Institute of International Studies, Fudan University in Shanghai, in an interview with newspaper the *Global Times* in late April

"The current recovery of consumption has been hot and cold. When judging recovered consumption that exceeded expectations, we must take into account that the bar was set low, and that the recovery was not the same across different industries."

Xing Ziqiang, chief economist of Morgan Stanley China, warning that lost growth during the pandemic has not yet recovered in an interview with think tank China Finance 40 Forum in early May

Chinese Special Representative on Ukraine Crisis Heads to Europe

Li Hui, China's Special Representative on Eurasian Affairs, commenced a European trip on May 15, where he visited Ukraine and Poland, with France, Germany and Russia also on the agenda.

China is attempting to seek a diplomatic solution to the Ukraine crisis in the wake of a phone call between Chinese President Xi Jinping and Ukrainian President Volodymyr Zelensky on April 26, according to China's Ministry of Foreign Affairs.

In the phone call, Xi said that dialogue and negotiations are the only viable way out for the Ukraine crisis, and that no one wins a nuclear war.

Xi stressed that China always stands on the side of peace, and its core stance is to facilitate talks for peace, the Xinhua News Agency reported.

"China did not create the Ukraine crisis, nor is it a party to the crisis," Xi said, adding that as a permanent member of the UN Security Council and a responsible major country, China would not sit idly by, nor would it add fuel to the fire, still less exploit the situation for self-interest.

Zelensky thanked China for providing humanitarian assistance to Ukraine and welcomed China's important role in restoring peace and seeking a diplomatic solution to the crisis. Following the phone call, Zelensky tweeted that he had "a long and meaningful phone call" with Xi and that he believes the call and the new appointment of Ukraine's ambassador to China "will give a powerful impetus to the development of our bilateral relations."

The same day as the call, Russian Foreign Ministry spokesperson Maria Zakharova said that Moscow welcomed the "readiness of the Chinese side to strive to establish a negotiation process," Xinhua reported.

Farhan Haq, deputy spokesperson for UN Secretary-General António Guterres said at a press conference on April 26 that the UN expects China to continue to play a helpful role in resolving the Ukraine crisis.

The French Foreign Ministry called the phone call "positive" in a statement and said that France encourages any dialogue that can contribute to the resolution of the crisis. John Kirby, the US National Security Council's coordinator for strategic communication, described the conversation as "a good thing."

Chinese Foreign Ministry Spokesperson Wang Wenbin confirmed on May 18 that Li met with Zelensky, Ukraine's Foreign Minister Dmytro Kuleba and a number of other senior officials during his visit to Ukraine. Li expounded China's position that calls for a political settlement to the Ukraine crisis, saying on the basis of China's Position on the Political Settlement of the Ukraine crisis, China stands ready to prompt the international community to form the greatest common denominator for a political solution, and to make efforts to promote ceasefire and restore peace as soon as possible, according to Xinhua.

"There is no panacea to resolve the crisis... The parties involved need to proceed from themselves, accumulate mutual trust, and create conditions for ending the conflict and promoting peace talks," Li said.

The Ukraine side noted it was a pleasure to receive China's special envoy in Ukraine and welcomes China's positive role in ending the conflict and restoring peace.

On May 19, Li Hui held talks with Polish Undersecretary of State at the Ministry of Foreign Affairs Wojciech Gerwel in Warsaw. The two sides exchanged views on the political settlement of the Ukraine crisis, China-Poland relations, and other issues.

On May 19, Wang announced that Li would visit the headquarters of the European Union at the invitation of the EU.

US Returns Smuggled Tomb Relics

Two looted stone carvings worth around US$3.5 million were returned to China's New York Consulate in a ceremony on May 9. Chinese Consul General in New York Huang Ping received the cultural relics from the Manhattan District Attorney's Office after an investigation into the antiquities collection of a board member of the city's Metropolitan Museum of Art, 85-year-old Shelby White.

According to China's National Cultural Heritage Administration (NCHA) on May 10, the two stone-carved tomb beds date back about 1,100-1,600 years and weigh more than 453 kilograms. They are of high historical, scientific and artistic value. The artifacts were stolen and smuggled out of China in the 1990s and later sold to White. The NCHA said that they have arranged repatriation for the relics.

Huang said at the ceremony that the return was helpful to improve the understanding and friendship between China and the US and has set a good example

of expanding international cooperation in cracking down on cultural relic smuggling. Since 2015, the US has returned five batches of cultural relics, including 404 pieces and sets of artwork and a paleontological fossil.

China Rolls Back Pandemic Border Policies

The China National Immigration Administration (CNIA) announced a full rollback of pandemic-related customs controls at nationwide ports of entry as of May 15, which is expected to ease border entry and exit procedures.

Those holding Chinese mainland passes between the mainland and Hong Kong, Taiwan and Macao, those holding a foreign passport with a permanent or residence permit of longer than six months, as well as domestic and international flight crews will once again be able to use e-gates, which have been out of use since 2020 due to pandemic controls.

The CNIA has also restored policies that allow mainland citizens to choose any domestic local entry-exit management organ to apply for permits to Hong Kong and Macao for tourism, study, working, family visit, medical care and lawsuits. Study permits for mainland students to Macao have been extended from a year to be the same length as their study periods.

On April 29, China replaced the 48-hour nucleic acid test requirement for entry passengers with a 48-hour antigen test that people can do at home, and said that airlines do not need to check passengers' test reports.

Yangtze River to Get Virtual Copy

China's first digital twin river construction project, a smart water monitoring system for the Yangtze River, started on April 28.

A digital twin system is a virtual representation of a physical object. The Yangtze digital twin project is one of the country's key intelligent water conservancy projects for water security. It will provide more precise and effective information for scientific monitoring. Forecasts, early warning and planning about the Yangtze River are expected to be greatly improved and management and coordination will be better unified.

The project, which covers all main tributaries of the Yangtze River across 18 provinces, municipalities and autonomous regions, will cost 597 million yuan (US$85.3m) and last three years.

Reusable Spacecraft Returns to Earth

China's reusable pilot spacecraft launched on a Long March-II carrier rocket from Jiuquan Satellite Launch Centre in Gansu Province on August 5, 2022, successfully landed on May 8 after 276 days in orbit.

It was China's second flight test of a reusable spacecraft, with the first conducted in September 2020. That time, the spacecraft landed back on Earth after two days of flight.

The latest mission, which scientists described as "the longest and most difficult test," included technological and scientific experiments, such as orbit shift, posture control, heat resistance and telecommunication navigation.

Space authorities are keeping exact details of the spacecraft and the mission a closely guarded secret, and they have not released photos or video.

Experts said that a reusable spacecraft may include reusable rockets, shuttles, space planes and manned spaceships.

In 2020, China launched a new generation of manned spaceships with a reusable return cabin, which was exhibited at the 2021 China International Aviation & Aerospace Exhibition. Experts said that reusable technology is crucial for the future economic sustainability of spaceflight.

China-UK To Further Cooperation on Trade and Global Issues

From May 5 to 6, 2023 local time, Chinese President Xi Jinping's special representative Vice President Han Zheng attended upon invitation King Charles III's coronation ceremony and relevant events in London.

Han Zheng conveyed to King Charles III President Xi Jinping's sincere congratulations and best wishes to the King and Queen, the British royal family and the British people.

In his meetings respectively with the UK's Prime Minister Rishi Sunak, the Prince of Wales and Deputy Prime Minister Oliver Dowden, Han noted that the UK is an important destination for Chinese businesses' investment and overseas Chinese students and tourists. Meanwhile, the British business community plays an important and positive role in promoting exchanges and cooperation with China, said Han at a welcome dinner hosted by the Chinese and British business communities on May 4.

The UK side expressed hopes to strengthen bilateral high-level exchanges and economic ties, and cooperation over a wider range of issues such as health, climate change and global stability.

Women's Train Slap Standoff Triggers Self-Defence Debate

Netizen Comments:

- "If you hate someone, feel free to slap them, since they'll also be punished if they dare fight back. It's a good deal for the one who attacks first."
- "I don't think Wang's second slap was aggressive, since she could not judge at that time whether Yang and her companions would hurt her again."
- "The laws should protect people from being hurt, not make people afraid to fight back."

Source: Sina Weibo

Expert Comments:

Wan Miaoyan, lawyer at Sichuan Dingchi Law Firm: "I don't think the punishment is unfair... Wang's first slap was reactive while her second one was aggressive... Besides, Wang's abuse of Yang's children, as seen from the posted video where she recorded the children's faces and refused pleas from the crew to settle the conflict in their office, would also be defined by police as 'further escalating the conflict and provoking the other party.'" *(Source: Jinan Times)*

Luo Xiang, criminal law professor at the China University of Political Science and Law: "The main difference between 'justifiable self-defence' and 'exchanged blows' is that the former is 'right vs. wrong' and the latter is 'wrong vs. wrong'... In this case, Yang was the wrongdoer as she did not control her children and was the aggressor by slapping Wang. Wang's actions should have been deemed justifiable." *(Source: Bilibili)*

Yue Qiang, senior partner at Hai Run Law Firm in Beijing: "When judging whether fighting back is justified, we must consider many elements, including the initial cause, who is responsible for escalating the conflict, whether weapons are involved, whether the response is excessive, and whether others participated in the conflict." *(Source: Legal Daily)*

A physical altercation involving two passengers on a high-speed train in Sichuan Province sparked fierce online debate about what constitutes justifiable self-defence.

On May 2, a woman surnamed Wang confronted a passenger surnamed Yang to stop the three children in her care from kicking her seat back. The disagreement turned physical: Yang slapped Wang, who then returned the favour. Wang called the police, who fined Yang 500 yuan (US$71.4) and Wang 200 yuan (US$28.6) for what they called "exchanged blows."

Believing she had acted in self-defence, Wang posted video of the incident online, stating she was appealing the police's decision.

Wang's post drew sympathy from netizens who criticised the police for "blurring the line between right and wrong." However, public criticism eased after police revealed that Wang had slapped Yang a second time after the conflict was stopped by cabin crew and other passengers.

Some lawyers argue that Wang's second slap, which escalated the situation, influenced the police's decision. However, others said that lack of standard criteria for determining such incidents often leads to similar controversy.

Nursery Rhyme Digs Up Online Drama

A nursery rhyme about digging a garden grew in popularity on Douyin (China's TikTok) after a kindergarten teacher posted a video of her teaching the song to her class. However, controversy arose when other teachers used it to gain more followers on social media and even profit on livestreams.

The song surfaced in late April when a kindergarten teacher posted a video under the username "taozi" of her teaching the catchy tune to her students: "In a small garden we dig, dig a hole, plant a small seed for a small flower to grow / In a big garden we dig a hole, plant a big seed for a big flower to grow."

However, netizens found several other teachers were seeing even more success on social media by posting similar videos, with some allegedly receiving expensive livestream rewards from followers worth thousands of yuan.

Facing backlash, one kindergarten teacher among them surnamed Huang told media that she has disabled rewards on her livestream, and denied receiving high-priced rewards or cooperating with marketing firms. Huang said she has since been harassed online over the incident.

Lawyers said that if livestreamers use the song for profit without permission, its reported author, Su Su, could file a copyright infringement case.

INFLUENCER

Ping Yuan

A Shenzhen official's portrait raised eyebrows online over her several streaks of silver hair. The official headshot of Ping Yuan, deputy head of Longgang District in Shenzhen, Guangdong Province, blew up on social media, where many debated whether the striking silver locks in her otherwise black hairdo were natural or dyed. Some questioned her professional image, saying stylish highlights are unbecoming of an official. The district government eventually chimed in, saying that Ping, 47, never dyes her hair and the silver is natural. Netizens confirmed the claim by comparing other photos of Ping at different government functions, all of which showed the same silver hair. Many praised Ping's commitment to her work, prompting discussions on whether officials should be allowed to dye their hair. Supporters said officials should have the right to be fashionable. "What the public should care about is how officials perform, not how they dress themselves up," one commented on Sina Weibo.

AI Avatar Kidnap Sparks IP Row

A Hangzhou internet company was ordered to pay 120,000 yuan (US$17,143) for using another company's AI-animated avatar without permission.

Media reported that in 2019, Shanghai-based XMOV posted two preview videos on short-video platform Bilibili showcasing their AI avatar, which is like an extremely lifelike virtual presenter, named "Ada." XMOV argued that the defendant, who was not named, used video of Ada in its own promotional videos under a different name.

The court ruled the internet company had infringed on XMOV's copyright. Experts said that protecting intellectual property rights of avatars like Ada will be a focus in the emerging industry.

Hot Pot Squatters Stir Up Heated Complaint

A hot pot restaurant in Nanjing, Jiangsu Province faced customer ire for allowing people to stay overnight.

The diner took to social media after his 4:30 am visit to Haidilao, a 24-hour restaurant chain, where he found all its tables occupied by university students camped out for the night over the Labour Day holiday (April 29-May 3).

"Is Haidilao a restaurant or a hotel?" he posted along with photos of the students, many of which had luggage in tow.

Haidilao is known for its lenient all-night policy, especially among young people seeking to save on hotels. The branch explained the overcrowding was due to the holiday and a nearby pop concert that night. While some netizens applauded the restaurant's generosity, others said it should cap the number of hot pot squatters so it does not impact other customers.

China-EU Relations

A Middle Path?

In the midst of shifting geopolitical dynamics, the European Union finds itself at the forefront of the rivalry between the US and China

By Yu Xiaodong

During a meeting in Sweden on May 12, European Union (EU) foreign policy chief Josep Borrell presented a paper to the bloc's 27 foreign ministers, outlining the necessity to "define" and "re-calibrate" the EU's stance towards China. Borrell emphasised that while the EU continues to view China as a partner, competitor and rival, the adjusted policy aims not to decouple from China but to achieve a balanced relationship with the world's second-largest economy. He highlighted the importance of reducing reliance on China while still engaging with the country.

Since US President Joe Biden came into office in January 2021, he vowed to confront China more forcefully, and his administration has focused on forming a "united front" to contain the rise of China. After the breakout of the Russia-Ukraine war, which exposed European countries' dependency on Washington over security issues, the EU has been under increasing pressure to join the US's decoupling strategy against China.

The meeting of EU foreign ministers represents the bloc's latest endeavour to formulate a united yet balanced approach to its China policy, as member states appear divided.

Calls for Independent Policies

The beginning of 2023 saw European leaders beat a path to China. The most notable was the state visit paid by French President Emmanuel Macron to China from April 5 to 7. During this visit, Macron and Chinese President Xi Jinping signed a comprehensive 51-point joint declaration. The two sides also signed 15 business contracts encompassing sectors such as nuclear energy, wind power, poultry, cosmetics and a 30 billion euro (US$33.94b) deal for 300 Airbus planes.

Macron echoed the sentiments of German Chancellor Olaf Scholz, who during his November 2022 trip to China emphasised "we must not decouple from China." In an interview with US and French journalists on his return flight, Macron argued against following a more aggressive US approach on China, warning that such a course would reduce European countries to becoming American "vassals."

Macron further stated that the EU must decrease its dependency on the US and avoid getting dragged into a confrontation between China and the US over Taiwan, warning that if tension between the US and China heats up further, the EU will not have the time and resources to maintain its "strategic autonomy."

Macron's remarks immediately saw pushback both from Washington and European politicians for causing divisions, not only across the Atlantic but within the EU itself. However, many EU leaders have since expressed their support for Macron's call for an independent policy on China, separate from the US.

Spanish Economy Minister Nadia Calvino, who chairs the International Monetary and Financial Committee which advises the International Monetary Fund (IMF) Board of Governors, said on the sidelines of the IMF spring meeting on April 11 that Europe cannot ignore China's role as a key trading partner and important geopolitical player that could help put an end to the war in Ukraine, or provide debt relief for low-income countries.

European Council President Charles Michel told the US-based news outlet

French President Emmanuel Macron (centre right) and European Commission President Ursula von der Leyen (centre left) arrive at the Great Hall of the People for a working session with Chinese President Xi Jinping, Beijing, April 6, 2023 (Photo by VCG)

Politico on April 14 that "quite a few" EU leaders share Macron's viewpoint, adding that the EU-US alliance does not mean that the bloc should "blindly, systematically follow the position of the US on all issues."

During a conference held in Florence, Italy on May 11, Josep Borrell emphasised the need for the EU to develop its own approach towards China, despite the bloc's alliance with the US. He stated that China is a rival, but is not in a "systematic rivalry" with the EU, and the bloc should not be against the rise of China. "The important thing is how China will manage its power," Borrell added.

EU-US Divergence

According to Ding Chun, professor and director of the Centre for European Studies at the Shanghai-based Fudan University, the flurry of visits by European leaders underscores their acute awareness of the necessity to maintain ties with China. "They know the EU can't afford to decouple from China," Ding said, "It is in both sides' interests to cooperate wherever they can."

China is currently the EU's second-largest trading partner behind the US. According to data from the Ministry of Commerce of China, total trade volume between China and the EU in 2022 amounted to US$874.3 billion, up 2.4 percent from 2021.

While China overtook the US to become the EU's largest trade partner in 2020 and 2021, the US regained the position in 2022 as the EU substantially increased imports of energy products from the US in the wake of the Russia-Ukraine conflict.

Despite increased tension in recent years, China and the EU maintain close ties in the investment domain. In 2022, investment flows from the EU to China totalled US$12.1 billion, a 70-percent

Chinese State Councilor and Foreign Minister Qin Gang (right) inaugurates the Maison de la Chine (House of China) of the International University Campus in Paris, France, May 11, 2023 (Photo by Xinhua)

increase from 2021. Reuters reported on May 10 that Germany's direct investment flows to China had risen by an estimated 11 percent in 2022, similar to the increase witnessed in 2021, but considerably stronger than the growth observed from 2016 to 2020. Meanwhile, investment flows from China to the EU reached US$11.1 billion, an increase of 21 percent from 2021.

Apart from the strong economic and trade ties between the EU and China, the EU's reluctance to follow the US's more aggressive policy on China stems from Washington's apparent disregard for European interests. European leaders have repeatedly accused the US of capitalising on the Russia-Ukraine war through its high-priced gas sales.

The EU is also rattled by Washington's passing of the Inflation Reduction Act (IRA). Aimed at undermining China's dominance in the electric vehicle (EV) sector through providing massive subsidies worth US$369 billion for EV products to be manufactured in the US and in countries with free trade agreements with the US, the act also puts EU-based producers at a disadvantage as there is no trade agreement between the US and the EU.

"Europe has shown a strong willingness to engage with China, as major European powers have come to the realisation that it is not feasible to view China as a strategic adversary and pursue decoupling, as the US has done, which clearly goes against European interests," Ding said. "On the other hand, in recent years Europe has consistently emphasised its strategic autonomy, and the foundation of this autonomy lies in the strengthening of its own capabilities. From this perspective, Europe has a greater need to cooperate with China."

'De-risking' Approach

In recent months, the EU has apparently started to adopt a "de-risking" approach – reducing its dependence on China in strategic sectors – rather than the decoupling suggested by US policy.

This concept of "de-risking" was raised by European Commission President Ursula von der Leyen in her speech delivered in Brussels on March 29, ahead of her visit to China with Macron from April 5 to 7. Emphasising that it is of vital importance to keep communication lines with China open, von der Leyen urged the EU to put economic de-risking at the centre of the bloc's China strategy.

Although von der Leyen, known as a so-called China hawk, told the European Parliament on April 18 that decoupling with China is not "viable" nor "desirable," her depiction of China as posing a systemic threat to the international system and her vision of the de-risking strategy appears more in line with US policy.

During a press conference following a meeting between Chinese Foreign Minister Qin Gang and his German counterpart Annalena Baerbock in Berlin on May 9, Qin expressed his concerns over the EU's de-risking agenda. "If the EU seeks to decouple from China in the name of de-risking, it will decouple from opportunities, cooperation, stability and development," Qin said.

Qin added that one must first consider what and where the risks are when they talk about de-risking. Without naming the US, Qin stressed that the real risk the world faces stems from the "new Cold War" launched by "certain countries."

Qin made the comments during his visit to Germany, France and Norway from May 8 to 12. During his stop in France on May 11, Qin told his French counterpart Catherine Colonna that China has always regarded Europe as a comprehensive strategic partner and that the China-Europe relationship should not be subjugated to or controlled by any third party. At a press conference in Oslo with his Norwegian counterpart Anniken Huitfeldt, Qin noted he deeply felt the European side's strong willingness to strengthen communication and coordination and promote mutually beneficial

cooperation with China.

In an opinion piece published by the *South China Morning Post* on May 11, Zhou Xiaoming, a senior fellow at the Centre for China and Globalisation in Beijing and a former deputy representative of China's Permanent Mission to the United Nations Office in Geneva, warned that de-risking is just a euphemism for decoupling.

Zhou noted that given the unpopularity of the term "decoupling," Washington itself has begun substituting the term with "de-risking." US National Security Adviser Jake Sullivan, for example, said in a speech at the Brookings Institution that "we are for de-risking and diversifying, not for decoupling."

While these remarks may send some relief, such optimism could prove to be a false hope, Zhou said. "The truth is that this is nothing short of decoupling in action," as Washington continues to blacklist Chinese companies and restrict investment both to and from China in key areas, Zhou added.

'A Scalene Triangle'

Amid the EU's ongoing process of "recalibrating" and "balancing" its policies towards China, it remains unclear how its de-risking approach will align or diverge from that of the US. In March, the EU introduced the Critical Raw Materials Act, aiming to reduce its dependency on China in critical raw materials like rare earths related to renewable energy and batteries. Under this act, if a foreign country has more than 65 percent of the market, its companies will be ineligible for public contracts within the EU. China currently holds an 80-percent market share in the EU's solar sector.

In the same month, the EU also unveiled the Net-Zero Industry Act, viewed as a response to the protectionist subsidies offered under the US's Inflation Reduction Act. The EU aims to relax strict state aid rules to prevent investments leaving the continent and heading for the US.

According to Ding, relations between China, the EU and the US will form a "scalene triangle," with the longest side representing the China-US relationship and the shortest side representing the EU-US relationship. Despite its alliance with the US and the US-China rivalry, the EU still has much to gain from its cooperation with China. Ding suggests the EU will also use its China policy as leverage in handling disputes with the US, which will lead to the formulation of a new type of China-Europe relationship.

Zhou Bo, a senior fellow of the Centre for International Security and Strategy at Tsinghua University, said the EU holds the key if the US-China rivalry leads to a new Cold War.

"The competition between the two giants won't be in the Global South, where the US has already lost out to China, while in the Indo-Pacific, few nations want to take sides," Zhou commented in an opinion piece published on May 2 by the *South China Morning Post*. "The true battleground in the US-China Cold War will be in Europe," Zhou added. ★

A freight train bound for Europe embarks from Xi'an International Port, Xi'an, Northwest China's Shaanxi Province, December 31, 2022 (Photo by VCG)

Purses available on Alibaba's overseas B2C platform AliExpress (Photo by VCG)

Alibaba logistics arm Cainiao's warehouse in Frankfurt, Germany (Photo by IC)

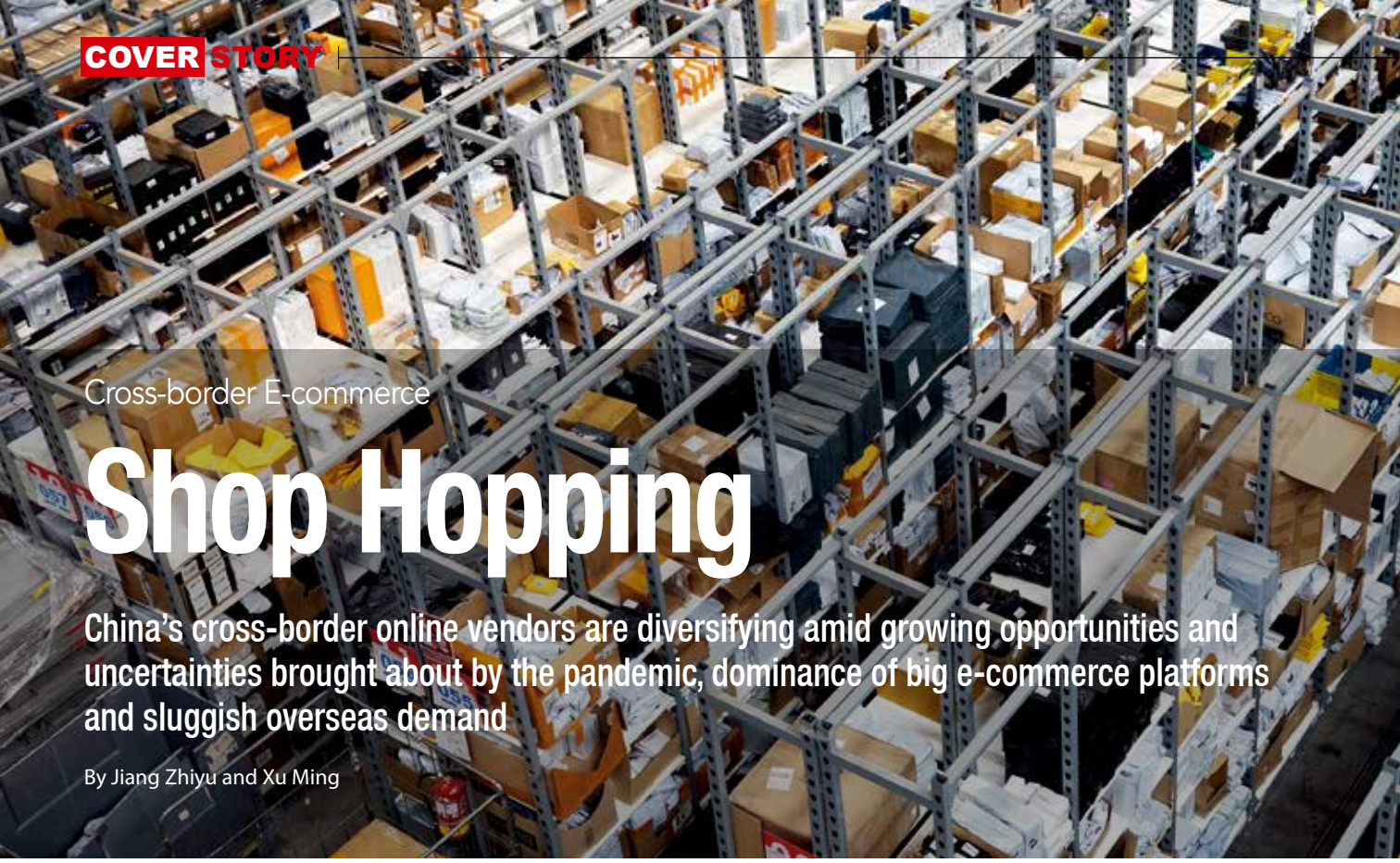
TRADING PLACES

People wait in line in front of an AliExpress pop-up shop, Paris, September 24, 2020 (Photo by VCG)

A Shein store (centre) in a shopping mall, Tokyo, Japan, November,16, 2022 (Photo by VCG)

ChinaReport investigates what's in store for Chinese manufacturers and traders as competition ramps up across major e-commerce platforms worldwide

Shopee has become an important channel for Chinese products to enter Southeast Asian markets (Photo by IC)



Cross-border E-commerce

Shop Hopping

China's cross-border online vendors are diversifying amid growing opportunities and uncertainties brought about by the pandemic, dominance of big e-commerce platforms and sluggish overseas demand

By Jiang Zhiyu and Xu Ming

In her seven years in cross-border e-commerce, Luo Songming says the past two have been the most challenging.

She used to easily make money on Amazon selling household items and vehicle accessories regardless of quality, and her sales overseas doubled during the Covid-19 pandemic as online shopping soared. Such demand lured more companies and capital to enter the game.

However, 2021 brought challenges, including Amazon closing Chinese shops and EU's Value-Added Tax (VAT) rule changes for imports of products valued up to 150 euros (US$164). Coupled with sluggish overseas demand, tightened privacy policies on social media platforms like Facebook and increased logistics costs, many e-commerce sellers were forced to shut down. "It's like treading on thin ice," Luo said.

Luo's sales dropped by 30 percent in 2022, and profit margins were at their lowest. Diversifying sales channels became crucial for Chinese sellers, and many started building their own platforms or selling on multiple platforms.

"The industry has gone past the wild growth stage and is cooling down after a reshuffle," said Zhang Liqing, a former seller on Amazon who pivoted to provide data processing support for cross-border e-commerce companies.

Beyond North America and Europe, cross-border e-commerce platforms and sellers have also found new opportunities in emerging markets in Southeast Asia and Latin America over the past two years.

Tough Times

The value of imports and exports of cross-border products through e-commerce rose from 1 trillion yuan (US$144.4b) in 2018 to 2.1 trillion yuan (US$304.7b) in 2022, according to government data. In China, there are 165 pilot zones in 31 provinces and cities to support cross-border e-commerce, involving payment, logistics and customs clearance.

In 2015, Amazon lured many vendors from Taobao to its cross-border services with incentives. Most replicated their Taobao strategies, which worked for a period. "You could put anything on the shelf and people would just buy it," an interviewed vendor said.

However, with the prime time for cross-border e-commerce gone, sellers face rising costs of opening shops on big platforms, customer acquisition and logistics.

"As competition grows increasingly fiercer, the cost of getting foot traffic climbs too," Luo said.

Xie Enzhi, a pet supply seller, said he spent 100,000 yuan (US$14,443) on advertising in 2018, compared with two to three times that amount now, even though 60 percent of his business is repeat customers.

In 2022, Amazon's advertisement

An overseas warehouse for Cainiao, the logistics arm of Alibaba that provides cross-border transportation services for Chinese sellers, Guadalajara, Spain (Photo by Xinhua)

revenue reached US$37.7 billion, almost four times that in 2015.

The cost of acquiring customers was further increased by tightened platform policies. In 2021, Apple introduced app tracking transparency on its iPhones, which filters data collection from third-parties like Facebook, a go-to ad platform for Chinese sellers.

The pandemic added supply chain instability. As prices of raw materials and shipping surged, many sellers overstocked. According to a 2023 survey from cross-border e-commerce service provider Yuguo, 21 percent of 785 surveyed cross-border sellers said their greatest concern is clearing inventory.

Another blow came from the EU's new VAT rules in 2021, which ended VAT exemption for imports of items valued less than 22 euros (US$24.2) while those at 150 euros (US$165) or more are subject to VAT and customs duty.

Since May 2021, Amazon launched a crackdown on sellers for bribing customers for reviews. But some industry insiders said the move targetted Chinese sellers. Data from Shenzhen Cross-border E-commerce Association (SCEA) shows that since May 2021, about 50,000 accounts were banned, over 95 percent of which were Chinese sellers, causing bankruptcies and layoffs at Chinese companies. Amazon denied the move was discriminatory.

The crackdown subsided after 2019 following the industry's rapid growth.

Neo, founder of mergers and acquisitions (M&A) agency FBAFlipper, observed more prudent investment in cross-border e-commerce platforms since Q3 2022. The M&A threshold increased from projects worth under US$1 million in 2020 to those between US$3-5 million, while project valuations decreased.

Duan Ruochang from Index Capital, an investment bank with headquarters in Beijing and Shanghai, reported that financing transactions normalised in 2022, resulting in a healthier, more rational market. Furthermore, services catering to sellers' needs like online shop management, product selection, marketing, data analysis and logistics garnered more attention from investors than product vendors in the past year, as the latter faced rising costs and shrinking profits, Duan said.

Decreasing Reliance

To decrease reliance on dominant platforms, Chinese sellers diversified channels and built their own brands, a 2023 report by Yuguo in February shows.

Opening independent platforms like ultra-fast fashion outfit Shein and phone charging accessories brand Anker allowed for more autonomy and control of user data while saving on commission and advertisement fees. In the first half of 2022, Anker earned 215 million yuan (US$31m), a rise of 30 percent year on year.

Yuguo's February survey of 764 sellers showed that 37 percent of them created their own platforms. Among them is Luo Songming, who said attracting foot traffic independently from Google and Facebook proved costly and challenging.

Li Daqian from electric massager brand Booster, which developed its own platform this year, said many independent platforms only sold trendy products, such as hand cream and massagers. Few had the vision to build their own brands, so many failed to cultivate loyal customers. After Apple's app transparency function launched, many platforms had to close for lack of traffic.

"Many merchants treat independent platforms as merely a marketing place. Building a brand actually requires multiple channels to reach users, including even offline contact. Only repeated exposure builds brand awareness and loyalty," Duan Ruochang said.

He added that as large platforms like Temu and Shein expand and buy traffic, customer acquisition costs soar for small- and medium-sized platforms.

"Sellers realised they needed to develop competitive products and their own brands to enter the international market," said Yu Xuehui, director of the Cixi E-commerce Association in Zhejiang Province.

As big platforms like Amazon preferred supporting shops with high unit prices, many shifted from low-quality products at low prices to higher-quality offerings.

"The higher the unit price, the more commission Amazon gets from sellers," Luo said, who also turned to higher quality products.

Wang Yiliang, strategic director at DHgate.com, a Chinese cross-border B2B platform, observed that Amazon's measures and updated social media advertising rules are restricting sellers

who prioritise quantity over quality. "These sellers typically lack inventory and struggle with customised products and cost efficiency," Wang said. "Most cross-border platforms now favour brands and those with ODM (original design manufacturer) factories," he added.

Xie Enzhi told *ChinaReport* that consumers are increasingly price sensitive and compare across platforms. "Sellers on e-commerce platforms need to build their own brands, engage in R&D and pay attention to patent protection," Xie said.

Shein and Anker are often cited as examples. Anker started with wholesale overseas but turned to developing its own products. Between January and September 2022, Anker invested 699 million yuan (US$101m) in R&D, an increase of 40.1 percent over the same period of 2021.

The capital market is leading sellers to make changes too. In the past two years, Neo found that capital favoured shops with long histories and high customer return rates, while shops that rely on cheap, low-quality products are basically excluded from the M&A market.

Diversified Platforms

The rise of Chinese cross-border e-commerce platforms in overseas markets like TikTok Shop, Shein and Temu are providing sellers with more options.

Shein, a ultra-fast fashion retailer founded in 2008, first relied on platforms like Amazon and eBay. Later, the company built its own mobile shopping app and gradually entered markets in North America, Europe, Russia, the Middle East and India. Using China's strong supply chain, Shein undercuts the competition with daily updates of new and cheap products tailored to regional tastes. In May 2021, Shein overtook Amazon as the most downloaded shopping app.

Not far behind is Temu, the overseas arm of leading Chinese online retailer Pinduoduo. In February 2023, Temu debuted in the US market through a 10 million yuan (US$1.4m) Super Bowl advertisement. The company soon topped US app download rankings in early April, according to US-based data analysts Sensor Tower. Temu has since launched in Australia, UK, Germany, the Netherlands, Italy, France and Spain.

People visit Amazon's booth at the first China Cross-border E-commerce Expo, Xiamen, Fujian Province, June 11, 2021 (Photo by VCG)

A report by Zheshang Securities shows that prices on Temu are 53-80 percent cheaper than Shein for the same categories of products, including clothing and accessories.

Many Chinese e-commerce platforms have followed suit in Europe, the US and emerging Southeast Asian and Middle Eastern markets.

Among the 836 cross-border sellers surveyed by Yuguo, 35 percent opened shops on Amazon and 12 percent have shops on TikTok Shop.

"In recent years, new players are attracting customers with new marketing ideas and diverse competition tactics. But low prices remain their most obvious advantage," Jiang Na, chief marketing officer of global e-commerce platform KJT, told *ChinaReport* .

Emerging platforms like Temu and TikTok Shop are new favourites for Chinese vendors. Though Shein promotes its own product lines, it is expected to open to third-party merchants in the US this year after piloting in Brazil and Mexico.

KJT-owned Zaful, a women's clothing brand with its own website and shops on Alibaba's AliExpress and Amazon, opened on Temu at the end of 2022. "Now it has eight shops on Temu and gets about 1,500 orders a week, an obvious growth in sales," Jiang Na said of Zaful, which focuses on the UK and EU markets.

Booster, once catering to Amazon wholesalers, now sells directly to international customers on platforms like AliExpress, Shopee and local Latin American e-commerce sites. Li Daqian said he plans to expand into interest-based e-commerce (selling by engaging with entertaining videos and streaming like TikTok) and invest in TikTok Shop's Southeast Asian platforms.

In 2022, TikTok Shop's cross-border e-commerce covered six markets, such as the UK and Southeast Asia, with a GMV (gross merchandise value) of US$4.4 billion in the latter region – over four times the previous year's total.

Platforms like Temu, which offers everyday items at very low prices, may draw Amazon customers seeking better deals, but may sell their own brands at higher prices in the future, Jiang Na said.

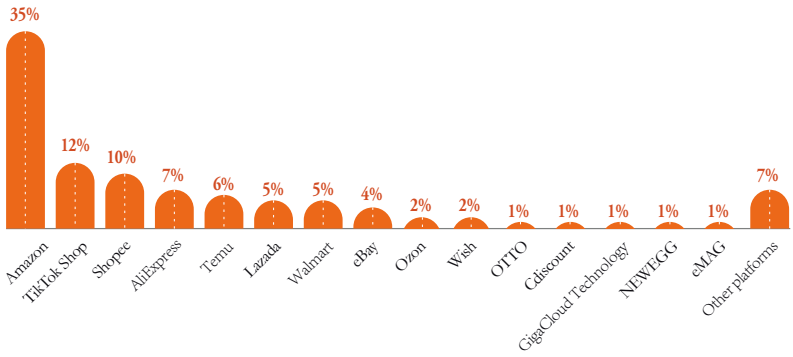
Although Chinese e-commerce platforms lag behind Amazon, their impact is growing, says Wu Yihui, founder of Egainnews, an e-commerce services provider for cross-border sellers.

Long-term shifts in market share could occur if Chinese sellers, who made up 26 percent of Amazon's GMV in 2022, migrate to platforms like Temu, Wu said.

Yuguo's report suggests sellers are

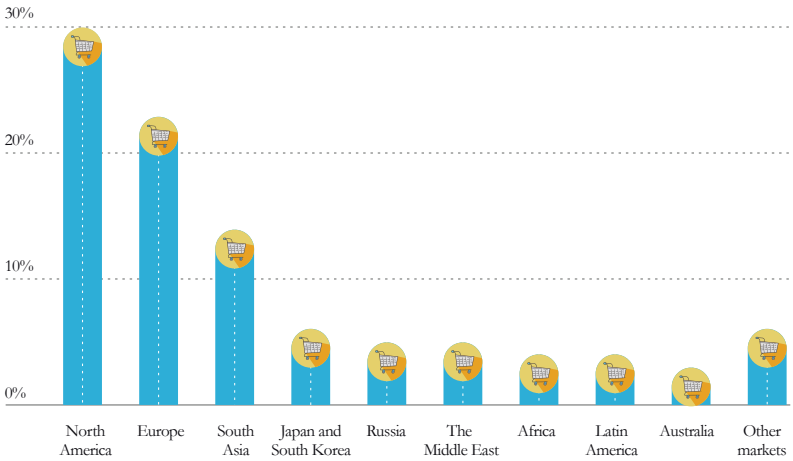
Distribution of Chinese sellers on main cross-border e-commerce platforms in 2022

Source: Cross-Border E-commerce Industry Trends Report 2023 published by Yuguo



Distribution of Chinese cross-border sellers in overseas markets in 2022

Source: Cross-Border E-commerce Industry Trends Report 2023 published by Yuguo



hoping to secure early positions in new platforms like Temu, expecting Pinduoduo's domestic success to be replicated abroad. Wang Jian, a professor at Beijing-based University of International Business and Economics, noted at Yuguo's annual summit in February that despite ongoing demand-supply turbulence across the world, diverse platforms offer chances for Chinese SMEs to enter the global market.

Emerging markets

Chinese sellers are shifting focus to emerging markets in Southeast Asia and Latin America, as growth in the US starts to slow down.

In 2022, e-commerce sales in the US are expected to reach US$1.034 trillion, with a year-on-year increase of 7.7 percent, marking the lowest growth since 2009.

Meanwhile, emerging markets are experiencing rapid growth, with countries from Latin America and Southeast Asia making up the majority of the top-10 fastest-growing e-commerce markets, according to New York-based market research company eMarketer.

E-commerce platforms like TikTok Shop, Shein, Shopee, Lazada, Shopify, Amazon and eBay are competing in Southeast Asia, a region with promising cross-border e-commerce potential. However, challenges include weaker infrastructure, lower purchasing power, and already established European and US brands.

Booster has seen increased monthly sales in 2022 after opening shops on popular sites in Southeast Asia like Alibaba's Lazada and Shopee.

"International policies and transfer of industries to Southeast Asia all help boost the economy in the region and improve the spending power of local consumers," Li Daqian said.

However, He Zhiyong from Yuguo said that despite growth potential, incubating Chinese brands in the region is challenging, particularly as European and US brands are already established.

To target the region's low purchasing power, Chinese sellers like Li Daqian are focusing on cost-effective products. Despite initial losses, he sees it as the cost of promoting brands and expects to profit soon.

Latin America poses its own set of challenges such as difficult customs clearance and poor logistics. However, He Zhiyong said that markets in the southern hemisphere, where seasons are the opposite of those in China, provide sellers with great opportunities to clear out seasonal inventory.

In Africa, Chinese sellers are finding success with consumer electronics like laptops and mobile phones with high gross profit margins due to product scarcity, according to Huang Qianyu.

"They don't care so much about brands," said Huang, an operations officer at Kikuu, an online shopping app based in Hangzhou, Zhejiang Province and focused on African markets.

With reduced transport costs and resumed production, Booster's cross-border e-commerce sales reported 20 percent growth in the first two months of 2023 despite the slack season. "We hope to expand by 50 percent this year," Li said.

Overall, Chinese sellers remain optimistic about cross-border e-commerce growth in emerging markets and hope to expand significantly in the coming years.★

Luo Songming is a pseudonym

Cross-border E-commerce

Worse for Wear

Despite decreasing orders from traditional channels, China's large garment manufacturers are struggling to adapt to cross-border e-commerce. While small companies are more eager to embrace it, looming shifts in the industry threaten sustainability

By Wang Yu and Xu Ming

China's garment export is facing significant growth pressure against slowing overseas demand. In the first quarter, textile and garment exports dropped 6.8 percent year-on-year, continuing the slide that started in September 2022. Guangdong Province, an important textile cluster, is under even more pressure. Its textile and garment exports both to overseas firms (B2B) and direct to customers (B2C) dropped by 8.6 percent year-on-year, though it still ranked second nationally.

Industry observers believe the rapidly expanding cross-border e-commerce sector could be a solution for Guangdong's many export-oriented garment manufacturers, whether they supply products for e-cross-border platforms or engage in wholesale or retailing on platforms themselves.

But not every manufacturer is pouncing on this opportunity. *ChinaReport* found that large garment manufacturers in Guangdong are quite indifferent.

Some interviewed companies said they "don't touch cross-border e-commerce" while others said they have no experience and are still learning about it. While most believe cross-border e-commerce is a good thing for the overall industry, few are confident it would help them.

The cross-border e-commerce sector dominated by clothing products is remarkable for its quick turnaround of up-to-the-minute fast fashion and flexible delivery of small orders. Big, established manufacturers have the experience to wait for large orders and deal with commercial customers overseas.

"Everyone talks about cross-border e-commerce as the new trend. But nobody talks about how it can help them. Big companies find it hard to adopt this way of getting orders," said Xie Hailong, vice president of Zhuhai Wiseman, a garment manufacturer based in the southern Chinese city of Zhuhai, Guangdong Province, adjacent to Macao.

For struggling small and micro businesses though, cross-border e-commerce is a lifesaver, particularly from platforms like Shein that have become successful overseas.

Going Online

Lai Guorong, whose yoga wear is successful on the domestic wholesale market, had not considered cross-border e-commerce before Covid hit. But with flight and transportation blockages restricting regular business during the pandemic, turning to overseas markets was the only way to continue.

In addition, Lai realised his business at home had plateaued. "Among the 1.4 billion people in China, there are perhaps tens of millions of customers for yoga wear," he said.

In November 2020, Lai opened shops on Alibaba.com, Alibaba's B2B cross-border business platform. Between January and March 2021, he sold products

Workers at a swimsuit factory fulfil orders from the US and Europe, Jinjiang, Fujian Province, September 28, 2021 (Photo by VCG)

valued at 4 million yuan (US$574,900), and gained dozens of new clients in Europe, North America, Japan and the Middle East.

An industry veteran of 10 years, Lai knew that before he started selling directly to overseas entities, 60 percent of his products were already available overseas via other distributors.

Unlike fashion clothes, yoga wear is a highly standardised product everywhere, so Lai does not need to make products tailored to overseas consumers. And without middlemen, his profits are higher in a market that is more mature than China's for yoga wear.

At first, Lai set a goal of earning US$10 million for overseas business. Now after two years, revenue from overseas has increased from 5 percent to 10 percent of his total revenue. After reaching his initial target, Lai plans for overseas sales to account for 60 percent of his revenue.

Amii, a women's fashion brand, has also had success in cross-border e-commerce. Company founder Chen Qingping said they started on the domestic market, building their brand and then adapting their designs to international tastes.

While Amii is managing to cover its investment in online cross-border business, it still accounts for only a small proportion of the company's total business. The positive side of opening shops on overseas platforms is that businesses become more informed about the newest fashion trends in different regions.

Lack of Motivation

Lai told *ChinaReport* that even though cross-border platforms boast they can attract big customers, orders are mainly small – 100 pieces are common.

This differs greatly from the seasonal cycle of traditional foreign trade, where customers may come only a few times a year but always place big orders.

"Companies that focus on foreign trade commonly get orders of 10,000 pieces in one style. So they don't like to take small orders despite the high profit," Ye Zhibin, who has been selling clothing overseas for 20 years, told *ChinaReport* .

Chen Shaotong, secretary-general of the Guangdong Association of Garment and Garment Article Industry (GAGGAI), told *ChinaReport* that in the B2B business, overseas customers usually employ professional buyers who have built trust with the suppliers through years of cooperation. "The threshold for this business is high and not easily replaced," Chen said.

After turning to the online cross-border business, Lai said he might have to woo a customer for over half a year to nail down an order. Sometimes, although the order is worth 1 million yuan (US$143,713), he said the volume is not comparable with offline trade, which brings income stability, bigger profits and a longer production cycle.

Several manufacturers told *ChinaReport* that even though they are under cost and sales pressures, they still have customers on the books and can expand. Small orders are not worth the trouble.

Hu Hebin, director of the GAGGAI cross-border e-commerce supply chain branch, revealed that after cross-border business boomed around 2015, manufacturers saw big orders from sellers on platforms like Amazon and eBay. Hu, who also found orders on such platforms, said that after trust was built, orders of 10,000 or 20,000 items were common.

But order size shrank as more and more Chinese sellers joined cross-border platforms. "The market share of big wholesalers [buying direct from manufacturers] was squeezed. They found the orders grew smaller and the profit margin dwindled too," said garment seller Ye.

Lack of Experience

Hu Hebin, a former garment supplier, was a forerunner in providing products to sellers on cross-border e-commerce platforms starting in 2015. After supplying to sellers for two years, Hu produced products better suited for overseas markets. Later, he turned to the retail business and opened his own shops on Amazon and AliExpress, Alibaba's overseas B2C platform.

At that time, while the operating costs of shops on the platforms were not too high, there were few who understood how to maximise profits. Sales stagnated, and compounded with logistics and inventory costs, Hu ended up losing over 1 million yuan (US$143,713) and had to retreat.

"It's unrealistic for manufacturers to connect with customers directly," said factory owner Xie Hailong, as selling and manufacturing are "two totally different businesses." "Selling is to find

certainty in a lot of strong uncertainties while manufacturing is a business that optimises existing certainties," he said.

Wen Danfeng, director of the Guangdong-based Modern Academy of the Mobile Internet, is not optimistic either. He revealed that many cross-border platforms try to enrol Chinese manufacturers whose annual revenue exceeds 20 million yuan (US$2.9m) to open shops, but they just end up with traders.

"Even traders experienced in overseas sales found it difficult to keep the business going online. I doubt manufacturers can do better," Wen said. He warned that as the industry is plagued by overcapacity, making manufacturers engage in retail could easily trigger a "suicidal" price war that would drive down prices to an unsustainable level.

What's more, the rules on cross-border e-commerce platforms keep changing, making it challenging and costlier for shop owners to survive. "The platforms often hold training courses, not about selling but platform rules. Even experts in this find it hard to help sellers do better," Wen said.

After all, the golden era of a decade earlier, when companies could just set up a website and orders from both consumers and distributors would pour in, is over, Ye Zhibin said.

According to Wen, given the rising costs of transportation, overseas warehousing and exchanging and refunding goods, products suited for cross-border online platforms are either so cheap that customers do not bother with refunds or exchanges, or so expensive and high-quality that they can absorb the cost.

As Chinese platforms like Shein and Temu price more competitively overseas, high-end products are struggling to turn a profit as consumers are so used to buying cheap throw-away fashion.

Garment workers size up potential jobs at small workshops and factories based on difficulty and wages, Datang Village, Haizhu District, Guangzhou, Guangdong Province, February 13, 2023 (Photo by VCG)

For example, the city of Chaozhou in Guangdong is known for making wedding dresses. As foreign trade becomes difficult, companies want to sell more products via cross-border e-commerce. "But there's no established platform for such high-end customised products," Lu Weixing, director of Chaozhou's clothing industry association in Guangdong Province, told *ChinaReport* . "The input-output rate is low."

Shein-Style Business

For small companies that are more vulnerable to sluggish foreign trade, cross-border e-commerce can provide a lifeline. More and more of them are trying platforms like AliExpress, Amazon and Wish.

Data from Askci.com, a Chinese consulting company, shows that between 2017 and 2021, the share of clothing and footwear of the overall cross-border e-commerce trade volume rose from 17.4 percent in 2017 to 27.4 percent in 2021.

One way out for small businesses is becoming part of the supply chain for big online retailers like the Guangdong-based Shein, which has a network of family workshops and small manufacturers that rely on orders from the quickly expanding e-commerce platform. In 2022, Shein's revenue totalled US$22.7 billion.

According to Chen Shaotong, clothing exports from Guangdong Province account for a quarter of China's total garment industry. Over 80 percent of provincial production capacity is concentrated in the Pearl River Delta Region, which boasts the most complete industrial chain, from R&D and design to manufacturing and cross-border promotion of brands.

To Chen Shaotong and Wen Danfeng, Shein's rapid success, based on its speed and flexibility in responding to market demand and its cheap prices, is due to the industrial clothing cluster surrounding Guangzhou, capital of the province.

Industry insiders revealed that factories that meet Shein's requirements are its main manufacturers that design and make samples. But the products consumers receive are not

A worker packages products at a garment factory for export, Guangzhou, Guangdong Province, January 23, 2015 (Photo by VCG)

necessarily produced by these central factories, which outsource orders to smaller ones.

"Shein chose Guangzhou because it has countless small factories. Such mini factories or workshops, mostly with fewer than 20 workers, don't mind working overtime and are willing to take smaller and low-profit orders that are ignored by bigger companies. They are the right fit for fast fashion orders," Wen said.

"Twenty workers in one workshop probably can do it all, from tailoring to sewing, from making collars to sleeves. They are experienced but lack qualifications, clustering in urban villages. These workers don't want to work on an assembly line. When there's an order, they can go to the labour market, quickly assemble a team of 8-10 people, and the job is done. It's unbelievable to people outside the industry," he said.

But this ultra-fast Shein model of small orders and quick response to market demand means very low profit margins. "It's a double-edged sword. The efficiency requirements mean you have to work hard to meet deadlines, but you are paid. The most important thing is that Shein pays quickly, which means a high turnover rate of capital," said Hu Hebin.

Both Wen and Xie believe that as the costs of running businesses keep rising, Shein gives small factories surrounding Guangzhou a lifeline, and offers access to digital equipment like computer-controlled automated tailoring and sewing devices they could not otherwise afford.

According to Wen, platforms like Shein have really increased the speed of the fast fashion industry around Guangzhou. "Such efficiency means the new industrial cluster will be able to meet all fast fashion orders in the future," Wen said.

Currently, low prices remain the biggest advantage for Chinese clothing, as shown on platforms like Temu and Shein. But people in the industry *ChinaReport* interviewed believe that relying on low prices is not sustainable, particularly as global industrial chains shift. They believe original design, innovations in materials and equipment, talent cultivation and consistent exploration of new business modes must be the solution.

Lai revealed his greater ambitions for overseas e-commerce. "We will make high-end products in the future, and I don't think traditional distributors will find these products acceptable. We'll have to rely on ourselves to find customers," Lai said.

In the clothing industry, Canadian athletic apparel brand Lululemon reminds Chinese clothing manufacturers of their inadequacy. It is particularly so for Lai, a yoga wear maker. "One of Lululemon's material suppliers is from Guangdong. Chinese factories could do 95 percent of the manufacturing, but the hardest part comes in the remaining 5 percent that involves making technological breakthroughs in materials," said Lai, explaining why Lululemon's products can be four times more expensive than similar products. Lululemon created its own fabric, and relies on third-party manufacturers in several countries, including China, to make its products.

Now Lai is trying to find customers who can afford high-end products. Meanwhile, he believes that following the example of Lululemon and investing in R&D is the way forward for Chinese manufacturers.

Chen Shaotong believes the most practical and feasible way forward for Chinese clothing manufacturers is to stand out with original designs by tapping the country's large reserve of creative talents. Guangdong Fashion Week, jointly hosted by Guangdong Fashion Designers Association in March, showcases original design to motivate industry transformation and upgrading.

But Wen added that design is more than aesthetics. He called attention to the often ignored industrial design, which includes the application of new materials. "Our fashion designers are almost all art students. But fashion design today requires multi-disciplinary cooperation instead of a single designer," Wen said.

"We don't need to worry about the inevitable industrial transfer, it won't put an end to the industry. But we need to make sure companies in the upper stream keep pace with technological changes," Xie Hailong said. ★

Sandstorms

True Grit

The high number of sandstorms in northern China has led to renewed calls for international efforts to mitigate them at source, and a new multi-pronged approach on solutions for the most affected areas

By Peng Danni and Xie Ying

On the morning of April 19, Gao Rui, a 34-year-old Beijinger got up to see the sky over Beijing was a murky yellow, obscuring the view from her flat and gale-force winds rattling her windows.

"Another sandstorm," she told her husband.

The day before, Beijing Meteorological Service upped its alert for wind to blue, indicating gale force winds of seven or above. It came as forecast, roiling sand and dust all over the city. Originating from the deserts of China's northern neighbour Mongolia, the sandstorm spread to 18 Chinese cities, with PM10 (coarse particulate matter of 10 micrograms per cubic metre) readings soaring to over 2,000 and visibility of less than 500 metres.

It was the capital's 10th sandstorm since the beginning of 2023.

Gao said that before this spring, she had thought sandstorms were a thing of the past.

"I've switched on the air purifier again. I hadn't used it for several years," she told *ChinaReport* .

PM10 originates from human activities and natural causes, including fossil fuel emissions, construction dust, wood-burning stoves, sand and dust storms, wildfires and pollen.

China has put huge efforts into sandstorm control and prevention for four decades. According to a 2020 report by the China Meteorological Administration, in the last 20 years, the incidence of sandstorms in March and April, the most common time for them, has reduced to 7.8 on average. Data from the National Forestry and Grassland Administration shows that the number of spring sandstorms from March to May dropped from an average of 21 in the 1960s to eight in the 2010s, with the number of sandstorm days dropping by 1.63 every 10 years over the decades.

While lauding the efforts, experts said that sandstorms cannot be totally eradicated, and emphasised that improved control and prevention needs more multi-dimensional measures and closer international cooperation, especially in climate change and economic development.

Mongolia's Predicament

The world's sandstorms mainly derive from desert regions in Africa and Asia. The three leading Asian sources are Mongolia, the Taklamakan Desert and neighbouring areas in northwestern China, and the Badain Jaran Desert areas in the west of China's Inner Mongolia Autonomous Region.

According to Chinese satellite observations, Mongolia is the major source of the latest wave of sandstorms in northern China.

At a press conference in March, Liu

The Lama Temple is engulfed in a sandstorm, Beijing, April 10, 2023 (Photo by VCG)

Bingjiang, the atmospheric environment director of China's Ministry of Ecology and Environment, attributed the increase in sandstorms to desertification in Mongolia, as well as decreasing precipitation and poor afforestation. He said that unseasonally high temperatures in southern Mongolia and northwestern China in March, about 5-8 C degrees higher than average, caused the permafrost sandy soil layer to melt faster, exposing more sand and dust, and that low precipitation has expanded the area of bare land with no vegetation. Strong cold air currents over Mongolia pick up particulates and carry them over northern China and beyond to Japan and South Korea.

The Gobi Desert, the fifth largest in the world at 1.3 million square kilometres, is a rocky cold desert in the shadow of the Himalayan Plateau. In the Mongolian sense, the word gobi refers to general arid areas in the Mongolian Plateau, which does include areas of vegetation and is not necessarily sandy.

Official Mongolian data confirms that in the last decade, the number of sandstorms in Mongolia's gobi and desert regions quadrupled compared to that in the 1960s.

Altangerel Enkhbat, head of the climate change department at Mongolia's natural environment and tourism ministry, said that Mongolia is among the countries under the most pressure from climate change and that the incidence of sandstorms is growing in his country, the Xinhua News Agency reported in March, adding that most of the sandstorms are caused by natural conditions and climate change.

Some Chinese researchers agree that natural conditions are mostly to blame. Zhang Xiaoye, a researcher at the Chinese Academy of Meteorological Science, told *ChinaReport* that southern Mongolia is covered by gobi deserts, but has a very small population, so he does not think the sandstorms are primarily caused by human activities.

A thesis published by an international team of meteorologists in *Science* in November 2020 found that East Asia, geologically centered on Mongolia, has seen an unprecedented climate phenomenon characterised by heat waves and drought. This is beyond the normal range of climate change and has caused a vicious cycle: dry soil hastened the temperature rise, which in turn promotes increased water loss from the soil.

In the last eight decades, Mongolia's average temperature has risen by 2.25 C, much higher than the global average. At the same time, precipitation dropped by 7-8 percent. The last 10 years saw Mongolia's hottest period, during which 1,244 rivers and lakes dried up or were cut off.

However, Li Shengyu, a senior engineer at the Xinjiang Institute of Ecology and Geography, who works on a Sino-Mongolia project to prevent desertification on grasslands, believes human activities do play a role in the increased incidence of sandstorms. His investigation revealed a grassland belt in the northern areas of southern Mongolia which is heavily degraded and causing the desertification to move northward.

"This has increased the desert areas in Mongolia. It is a new problem," he warned.

As the world's second-biggest inland country with the lowest population density, Mongolia relies on grazing, but the IMF warned in 2019 that spurred by the soaring price of wool worldwide, Mongolia is increasingly threatened by overgrazing.

Li Shengyu told *ChinaReport* that Mongolians like to keep goats which crop the grass to the roots. This has caused great harm to the grasslands. Furthermore, as the pasture lands in Mongolia are mostly government-owned, herders do not consider protecting them is a priority, unlike private pastures.

Another destroyer, Li said, is mining. Dubbed the "Saudi Arabia of the mining industry," Mongolia enjoyed fast economic growth in the early 2000s due to an influx of investment from foreign miners. In 2012, Mongolia ranked among middle-income countries and by 2019, its production value of mining reportedly accounted for 23.8 percent of its total GDP, with exports of mining products taking up 70 percent of its total export.

"Many of the mining centres are in the southern gobi deserts and are open-pit. Miners need to remove the surface soil layer to work, which is bad for the environment," Li said. "When it's dry or windy, dust from the digging is swept into the atmosphere. Mining has also degraded groundwater and rivers, as well as the grasslands," he added.

A New Cycle?

A recent study by the Chinese Academy of Meteorological Sciences indicates

that there are five main tracks for wind-blown sandstorms, and the northwestern one, which begins in Mongolia and China's desert regions and goes southeast, is the biggest and most serious. These sandstorms account for 38.5 percent of the total on average.

"China has more than 1.7 million square kilometres of desert in the north and Mongolia has more than 300,000 square metres of gobi and deserts. It means China is one of the worst places for sandstorms," Zhang Xiaoye said.

Despite a general reduction in the sandstorm frequency nationwide, China's National Climate Centre observed a growth in the number of sandstorms between 2018 and 2022 compared to 2013 and 2017. In March 2021, Beijing was hit by the strongest sandstorm in a decade. Readings for PM10 soared to 6,450 within an hour, and the worst-hit districts saw readings above 8,000.

"We saw such obvious reductions in the incidence of sandstorms that many people thought they were gone for good, but they've returned in the last two years. We're in a period of flux," a meteorological researcher who asked for anonymity told *ChinaReport* .

None of the interviewed experts were prepared to postulate whether China has entered a new active period of sandstorms. "There is a cyclical change in our meteorological system, but such change is not that clear and we can't predict a tendency based on short-term information," Wu Chenglai, an associate researcher at the Institute of Atmospheric Physics, the Chinese Academy of Sciences, told *ChinaReport*.

From the angle of monsoon activity, China may have entered a new active period of sandstorms, Zhang Xiaoye said. Northern China has a continental winter monsoon climate affected by high pressure over Siberia and Central Asia, which means cold, dry winters from September to April, different from the wet and humid south.

Zhang said the winter monsoon has a big cycle of 50-70 years, with smaller cycles during that time. In China, sandstorms were frequent in the 1970s and went down since then. In 2002, Beijing suffered a huge sandstorm, which Zhang believes conformed to a smaller cycle within the larger one. If the last big cycle was around 50 years, the more frequent sandstorm activity since 2020 could signal a new cycle.

Wu agrees. "The higher incidence since 2018 is probably a cyclic change, though we still need more studies to prove it," he said, adding that the source areas of sandstorms are vast and differ greatly between regions, so studies should be based on specific conditions of different regions.

Against the Grain

China has invested a lot in sand control and prevention. In 1978, China launched the Great Green Wall project, a belt of afforestation in Northwest China, North China and Northeast China where China's eight big deserts, four sand zones and vast areas of gobi are located, with a total area of 1.49 million square metres, 85 percent of China's total arid areas. The project is expected to finish in 2050, when the shelterbelts of trees will total some 4,500 kilometres.

Other ecological projects followed, including returning arable land to forest, protecting natural forests and controlling sand sources in Beijing and Tianjin. In 2001, the Law of Sand Control and Prevention was enacted.

By the end of 2021, China had restored 18.8 million hectares of desertified land, enclosed another 1.77 million hectares that are too degraded to restore, and established 98 national desert parks. China's desertified land per capita is declining by an average of 667,000 hectares every year. A 2019 investigation by NASA showed that China has contributed 25 percent of the world's new leaf lands from 2000 to 2017, although this includes forests and agricultural land.

Experts agreed that China works extremely hard on anti-desertification. "Among countries badly affected by sandstorms, China should be recognised for its efforts on combatting desertification," Li said.

But many interviewed experts argued that more cautious analysis is needed to ascertain to what extent sand control and prevention has helped reduce sandstorm incidence.

According to Huo Wen, a researcher at the Institute of Desert Meteorology in Urumqi, man-made afforestation is helpful to prevent the spread of desertification, improve soil and reduce the wind velocity near the ground by about 70 percent based on his studies. But when the wind is strong enough to suck up surface particulates several thousand metres high, afforestation projects are of little use in preventing sandstorms.

By studying the causes and drivers of sandstorms, Wu Chenglai's team found that a weaker wind velocity contributed 46 percent to reducing sandstorms and the other 54 percent is attributed to wet soil and new trees and grass, including man-made and natural greening. His team concluded that sand prevention projects have far less influence on sandstorms than natural elements.

Experts emphasise that it is impossible for humans to eliminate sandstorms and that sand control efforts should be more scientific and multi-dimensional, rather than merely planting trees and grass.

"Generally speaking, our sand control work focuses on the edge of deserts and areas close to rivers – perhaps only 6-7 percent of China's total deserts. Most of our deserts are in super-acidic areas with an annual precipitation of several dozens of millimetres,

Achievements of Sand Control (From 2012 to 2021)
Source: National Forestry and Grassland Administration
18.8 Million
Hectares of Desertified Land Restored
1.77 Million
Hectares of Desertified Land Closed Off
98
National Desert Parks Built
80 Million
Hectares of Grassland with Grazing Prohibited
The Mu Us Desert in Shaanxi Province, the Hunshandake Desert in Inner Mongolia Autonomous Region and the Horqin Sandy Land across Inner Mongolia Autonomous Region and Jilin and Liaoning provinces turn green
Desertified land per capita drops by 667,000 hectares every year
Target of the Third 10-year National Program on Desertification (2021-2030)
Treat 6.7 Million Hectares of Desert Land by 2025
Treat 12.4 Million Hectares of Desert Land by 2030
Close Off 2 Million Hectares of Desert Land too Degraded to Restore by 2025
Close Off 6 Million Hectares of Desert Land too Degraded to Restore by 2030

and human efforts won't have much influence," Zhang said.

Xue Xian, a researcher at the Northwest Institute of Eco-Environment and Resources, warned in a recent interview with social media account *Zhishifenzi* that the wrong type of greening may have the opposite effect.

A sand control researcher who asked for anonymity told *ChinaReport* that any afforestation project in acidic areas must not be too large for the water resources available.

"We may have over-emphasised increasing the area of anti-sand afforestation and even made it an administrative target," he said, "But projects that are too large will lead to waste and are too hard to maintain... Our focus should be on existing ecological projects, but [the government] doesn't prioritise them and gives little input," he added.

Li Shengyu said that the expansion of inappropriate greening and farm projects in arid areas will take up more scarce water resources, which causes native plants to degrade even faster.

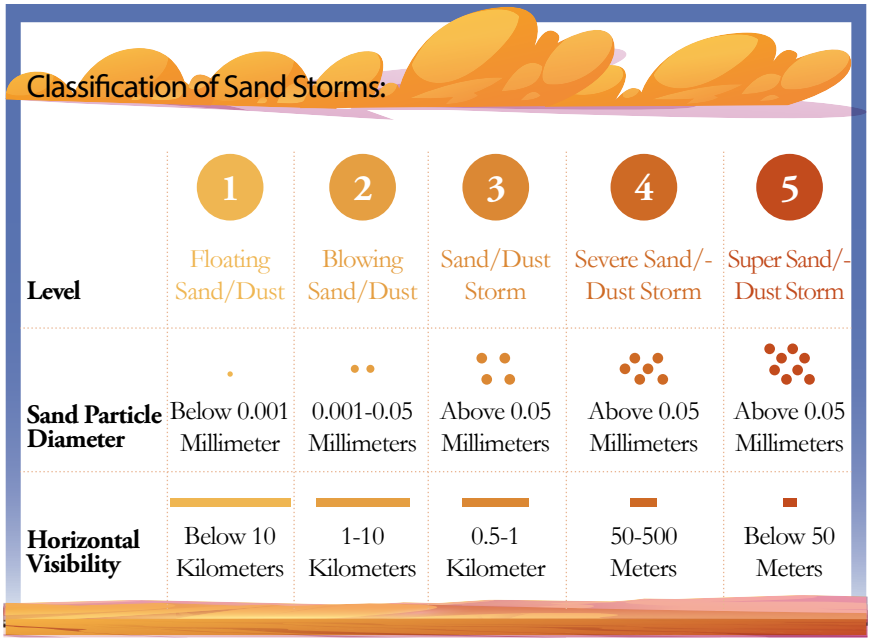
That is why the Chinese Academy of Sciences is conducting research into more saline-resistant and drought-enduring plants, Huo said.

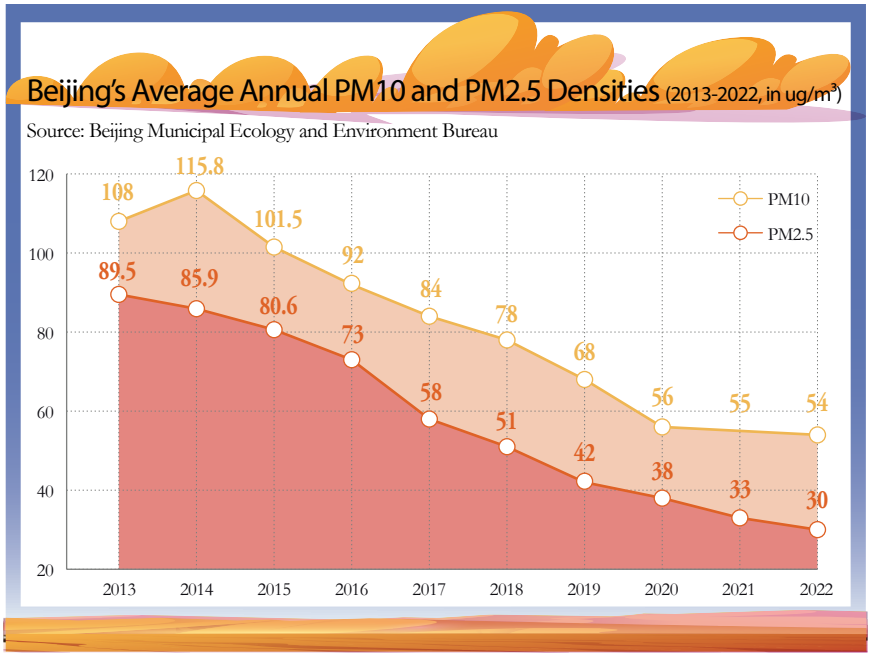
"Sandstorm research has shifted from scientific understanding to control and prevention, especially forecasting and early warning, when efforts to prevent desertification are limited," Zhang said.

International Cooperation

There is more international cooperation on desertification. In 2002, China, Japan, South Korea and Mongolia established a joint system on prevention and control of sandstorms. Since 2013, China has assisted Mongolia with training staff.

But since climate change is exerting an ever greater influence, sand prevention and control should no longer be merely planting trees.





Experts warned of abnormal temperature rises in Mongolia in the last two years and that a tipping point could be approaching. They point out that sandstorms are not always negative, since it could bring necessary fertiliser to marine plankton, and to a certain extent, can prevent solar radiation from reaching the Earth's surface, much like ash from a volcano, by reflecting it back to the atmosphere.

The IMF flagged the importance of preventing desertification as it will have negative economic effects, especially if Mongolia continues to rely on grazing and mining. The IMF has suggested Mongolia's neighbours can play a role in trade-related measures against sandstorms, such as helping Mongolia expand overseas markets for meats to increase Mongolia's income and help them decrease pasture size. The IMF also proposed a principle of moral supply. For example, the Wildlife Conservation Society based in New York has appealed to increase the sustainability of wool production in order to reduce the burden on Mongolia's grassland.

"Sandstorms are not only an environmental issue, but also an economic development issue. Mongolia developed its economy through grazing and mining which is a problem of economic structure, so the solution may lie in the integrated economic development of the whole of East Asia," Wei Ke, a researcher at the Chinese Academy of Sciences told news portal The Paper in mid-April.

In a 2022 statement from China and Mongolia, China agreed to implement joint projects with Mongolia by connecting the green development and climate change in the Belt and Road Initiative with Mongolia's program to plant one billion trees by 2030. This includes economic cooperation in the mining industry and grassland restoration. On May 1, 2023, Chinese State Councilor and Foreign Minister Qin Gang held talks in Beijing with visiting Mongolian Foreign Minister Battsetseg Batmunkh. They agreed to strengthen cooperation on sandstorm prevention and control, and jointly promote sustainable development.

Experts said that whether or not the sandstorms will reduce or increase in the future depends on whether on the desertification situation in Mongolia, whether China will build better and more scientific afforestation programs in its desert regions and whether global warming will be effectively eased. ★

North China Leopard

Clawing Back

After intensive conservation efforts, China's native leopard is slowly regaining ground, but lack of animal corridors across its extensive but fragmented habitat continues to pose a major threat

By Zhang Xinyu and Yu Xiaodong

A North China leopard is photographed by an infrared camera, Heshun County, Shanxi Province (Photo by the Chinese Felid Conservation Alliance)

On February 16, North China's Shanxi Province released a new wildlife conservation plan for 2023 to 2035. In it, the Shanxi government pledged to promote ecosystem restoration and to focus on restoring the North China leopard population by building drinking water points, ecological corridors and other relevant projects.

This is the first provincial conservation plan aiming to protect the North China leopard and among the first to focus on the top predator in China. While scientists and activists welcome the move, some argue that conservation efforts at the national level are necessary to secure the species' future.

China is home to three out of the nine subspecies of leopard: the North China leopard, Amur leopard and Indochinese leopard. Among them, the North China leopard, also known as the Chinese leopard, is most widely spread and endemic to China.

Their habitat once stretched throughout northern and western China. But starting in the mid-20th century, rampant hunting and deforestation pushed them to the verge of extinction. They are now listed as a national first-class protected animal in China.

Revival in Numbers

Since 2000, sightings of the leopard have increased across northern and western China, including the provinces of Hebei, Shanxi, Shaanxi and Sichuan, and the autonomous regions of Ningxia and Tibet, indicating the big cat is making a comeback.

The species attracted serious attention from researchers and local governments after 2010, which launched several projects to monitor and protect the elusive big cat. "We can see that populations of leopards in some key areas are quickly bouncing back," Feng Limin, an associate professor at Beijing Normal University who researches China's leopards and tigers, told *ChinaReport* .

According to Feng, native leopards have made a strong comeback on the Loess Plateau, which covers parts of Shanxi, Shaanxi and Gansu provinces in North and Northwest China.

Feng co-authored a study conducted by Beijing Normal University and the University of Copenhagen that surveyed an 800-square-kilometre forest area between Shaanxi and Gansu provinces. Publishing its findings in August 2022,

Top: A leopard sits in the shade, Hangzhou Zoo, Zhejiang Province, July 16, 2021 (Photo by IC)

Bottom: Leopard cub specimens are exhibited at an endangered animal protection-themed exhibition held by the National Zoological Museum of China, October 11, 2022 (Photo by IC)

the team found that the counts of leopards in the area increased from 88 in 2016 to 110 in 2017, a 25 percent increase.

In Heshun County, Shanxi Province, a heavily forested area surrounded by mountains, the number of leopards almost doubled from 45 at the end of 2021 to 89 at the end of 2022. Heshun is the first county to conduct a leopard population survey, installing 300 infrared wildlife cameras.

Other successful areas include Liupanshan National Nature Reserve in Ningxia, which researchers estimate is home to about 35 to 40 leopards. Leopards have also reappeared in Tuoliang National Nature Reserve in Hebei Province, just 300 kilometres away from Beijing. In total, it is estimated that there are now about 400 North China leopards living in the wild.

According to Feng, a major reason behind the revival is China's rapid urbanisation, which led to hundreds of thousands of rural residents migrating to cities. This reduces human activity in forest and mountain areas and allows ecosystems and wildlife populations to recover.

Moreover, China has launched initiatives since 2000 to reforest large tracts of land in northern and northwestern China. In 2013, the Chinese government launched projects to restore biodiversity under the banner of "ecological civilisation," paving the way for the recovery of species including wild boar and roe deer, the leopard's primary prey.

Ecological Corridors

However, the big cat's future is far from secure. Under the "50/500 rule," a guiding principle in conservation for assessing minimum viable population size, at least 50 individuals are required to avoid inbreeding, and 500 are required to reduce genetic drift.

As the leopard's total population is estimated to be less than 500 with many local groups below 50, many scientists and activists are calling for ecological corridors to connect the leopard's fragmented habitats and help the species reclaim their previous territories.

"The Chinese government recognised the importance of ecological corridors 30 years ago," Wang Fang, a conversation biologist at Fudan University in Shanghai, told *ChinaReport* .

To protect its iconic giant panda, China started building ecological corridors in the 1990s to link fragmented habitats across several provinces. Thanks to these efforts and others, the species' status was downgraded from endangered to vulnerable in 2016 by the International Union for Conservation of Nature (IUCN).

However, the North China leopard has received far less attention. "There is no historical data on the leopard, and we only have three years of data," Wang said. In the past three years, Wang has conducted surveys of leopard population distribution in Ningxia's Liupanshan Nature Reserve. This year, he plans to conduct more surveys to find viable locations to establish ecological corridors for the leopard.

For Wang and other researchers, a major obstacle to setting up ecological corridors in these regions is roads.

Between 2017 and 2021, at least three leopards were struck and killed by cars in Shanxi and Sichuan provinces. The latest fatality was reported on December 29, 2022, when a young female North China leopard was found dead on the roadside in a hilly section of road near Guyuan, Ningxia.

Guo Zhihong, deputy director of the management bureau of the Liupanshan Nation Reserve, told *ChinaReport* he believes the young leopard belonged to a family of four that local forest rangers spotted in 2022. Guo said the leopards might have been migrating from the Liupanshen Nature Reserve, about 100 kilometres away.

As apex predators, leopards are solitary and territorial animals that require a large area to survive. "Currently, the recovery of the leopard is largely limited to protected nature reserves. But as their population continues to grow, they will roam outside them, and that's where road networks pose a major threat," Guo said. He called for more efforts on building ecological corridors along existing roads an include such corridors in new road plans where species of wildlife are likely to expand their territories.

Animal Passages

In Heshun County in Shanxi, conservationists are also concerned about the threat roads pose to the expanding leopard population. Since 2020, they have been campaigning against upgrading a county road that runs through the leopard's habitat, arguing that the upgrade would sever it.

In 2022, the local government agreed to install animal corridors to allow them to cross.

There have been other successes in China's infrastructure projects. To minimise the impact of the Qinghai-Tibet Railway on the seasonal migration of the Tibetan antelope, 33 animal corridors were added. The project proved successful, and the IUCN downgraded the species' status from endangered to "near threatened" on its Red List of Threatened Species in 2021.

A female North China leopard was struck by a car and died, Guyuan, Northwest China's Ningxia Hui Autonomous Region, December 29, 2022 (Photo by Guo Zhihong)

However, experts warn that building corridors for the leopard is far more complicated because it is an apex predator. "Corridors along roads could lead to more human-leopard conflicts," said Liu Beibei of the Chinese Felid Conservation Alliance (CFCA), a non-profit organisation focused on wildcat conservation.

If a road is upgraded, the leopards' movement would be restricted to corridors, which could significantly increase the chances of them running into local farmers and their livestock, which also use these passages.

Professor Wang Fang points out that corridors could become chokepoints for leopard poachers to set traps or ambushes. Any plans would require a well-designed management system to maintain the passages and monitor their impact on leopards.

Conservationists hope the new plan in Shanxi, which spotlights the leopard and ecological corridors, will provide new momentum for protecting the only surviving big cat in northern China.

But for Song Dazhao, founder of the CFCA, a provincial-level plan is simply not enough to tackle the issues surrounding ecological corridors, as they require extensive research and cross-regional cooperation, as well as substantial funding. "Now is the time for a national-level conservation plan for the leopard," Song said. ★

Anti-corruption

Grain Drain

Beyond crackdowns, China's grain reserve system needs radical systemic reform and supervision to fight rampant corruption

By Xie Ying, Yuan Suwen and Wang Diya

A former grain reserve director who fled China while facing an investigation for corruption is in police custody. Li Xi'an, who headed the Municipal Grain Bureau in Xi'an, Shaanxi Province, was photographed in April escorted by two plainclothes police officers at a Chinese airport.

The visibly tired Li, 65, was reported to have left China in February, allegedly to avoid an investigation by the Central Commission for Discipline Inspection (CCDI), the top Party disciplinary body.

Li served as the bureau's director for 10 years before retiring in 2018. While no official details have been released about Li's case, media reports claim he was deeply involved in corruption related to grain reserves.

China has central and local grain reserve bureaus across the country, but corruption in the purchase, renewal and storage of reserves is common.

The CCDI started its anti-corruption campaign targetting the grain reserve system in August 2021. Within a year, it released information about 73 cases. From January to April 2023, the CCDI exposed an additional 40 cases of corruption, involving both government departments and State-owned grain enterprises.

An unnamed official from China's office of fugitive repatriation and asset recovery hailed Li's arrest as among the campaign's major successes.

After Li's arrest, the Shaanxi provincial discipline inspection authority revealed seven more cases of grain reserve corruption involving fake businesses, bribes and illegal profits.

Mao Zhaohui, director of the Research Centre of Anti-Corruption Policies at the Renmin University of China, believes that only systemic reform can root out the rampant corruption. "The present clampdown will pave the way for future reform in the grain reserve system and we may use the cases and facts to promote that," he told *ChinaReport* .

'Selling Quotas'

China's current grain reserve system, established in 1990, stabilises the grain market and protects farmers' interests by setting up central and local grain reserve bureaus to manage granaries, reserve purchases, sales and renewals.

The State-owned SinoGrain oversees the purchase, sales and renewal of strategic reserves at the central level, a professor at China's largest State-owned grain enterprise, COFCO Corporation, told *ChinaReport* . The National Food and Strategic Reserves Administration (NFSRA) serves as an administrative department for guidance and supervision, while the National Development and Reform Commission defines reserve quotas for subordinate bureaus to purchase grain, with a price floor set to protect farmers.

"The grain reserve system could be interpreted as a State insurance the government buys for itself," the professor, who requested anonymity, said.

The cost of grain reserves is entirely covered by the central government, which also provides additional allowances to those responsible for the reserves. This invites corruption at all links in the chain.

A common way is "selling quotas" – accepting bribes from grain enterprises for distributing quotas. Examples include Yang Suiting, the former Party secretary and director of the Shanxi Grain Bureau, who allegedly received 14 million yuan (US$2m), and Zhang Tianxi, director of Inner Mongolia Autonomous Region Food and Strategic Reserves Bureau, who allegedly received bribes of 2.5 million yuan (US$361,000).

Central-level departments and enterprises also deal with corruption. In January 2022, Xu Baoyi, SinoGrain's former deputy manager, was investigated for allegedly taking bribes of 13 million yuan (US$1.9m) from companies bidding on contracts to manage SinoGrain's subordinate granaries. In June 2022, former NFSRA Party secretary and director Zhang Wufeng was arrested for corruption.

'Grain Laundering'

Corruption in the restocking process involves selling old reserves for new ones. To ensure quality, the central government requires grain bureaus to purchase grain from farmers each year to replace old reserves in the granaries. The older grains are often auctioned back into the market.

"It's important to note that not all old reserves are of poor quality. In fact, some grain may actually improve in quality over

time. For example, wheat reaches its nutrient peak six months after harvest," the professor said. The older grain can even be sold at a higher price than the original purchase price, generating profits for the reserve granaries. Additionally, the central government covers the cost of restocking the granaries, the professor said.

This facilitates corruption. The CCDI's findings show that some granaries illegally profited and deceived the central government by faking restocks. They colluded with grain enterprises and falsified new stocks for old reserves sold to the enterprise, while claiming to purchase new grain. However, no new grain existed, and they covered this up by manipulating the numbers. The old reserves were actually delivered and kept at the grain enterprise for some time before they were returned to the granary, passed off as new. Some granaries skip these steps and simply fake invoices. The CCDI described such fraud as "grain laundering," where the same batch of grain returns to its place of origin.

Another common form of corruption is falsifying reserve losses. The central government permits a maximum loss rate of 0.1 percent over six months due to natural causes like water evaporation. The government then reimburses these losses. However, many granaries have profited by inflating their loss rates.

"Just a 0.1 percent difference results in [reimbursements for] dozens of tons of grain to flow into individual's pockets," an insider told *China Economic Weekly* on condition of anonymity.

CCDI reports indicate that corrupt officials have also profited by inflating purchase prices or illegally selling old reserves without replenishing them, resulting in empty granaries.

Several officials involved in grain storage and reserve projects have been exposed for corruption. Zeng Guiliang, a former director of granaries in Guilin, Guangxi Zhuang Autonomous Region, was found to have illegally rented substandard granaries for storage and accepted bribes of more than 100,000 yuan (US$14,444) in a granary construction project.

Spotlighting corruption in the grain reserve system remains a challenge for officials (Photo by Xinhua)

Similarly, Wang Dongfeng, a former Party secretary and president of the State-owned Shaanxi Food & Agriculture Group, reportedly took bribes of 6.75 million yuan (US$1m) in granary upgrades and reserve-related projects, while Hu Dongsheng, a former Party secretary and director of the Heilongjiang Province Grain Bureau, was found to have taken bribes of over 29 million yuan (US$4.2m).

Additionally, CCDI reports suggest that officials Yang Suiting, Zhang Tianxi and Wang Dongfeng have embezzled government allowances for grain reserves, posing a significant food safety risk.

'Resolute Reform'

In early May, the Supreme People's Procuratorate announced its involvement in the central government's crackdown on corruption in the grain reserve system. It called for close cooperation between prosecutors and other law enforcement agencies in dealing with cases related to grain reserve corruption. It also aimed to identify central problems in the grain reserve system to improve management and supervision.

"Corruption has infiltrated key links such as purchase, sales, renewal and supervision within China's grain reserve system, indicating institutional problems," Mao told *ChinaReport* .

He believes systemic reform is necessary as the current management and supervision involving multiple bodies cause decentralisation and fragmentation.

He criticised the unclear responsibilities of SinoGrain, a non-profit organisation that manages national grain reserves and receives government funding, while also being a subordinate enterprise under the State-owned Assets Supervision and Administration Commission, which requires meeting performance quotas. "It means that SinoGrain has to fill grain reserves while working to develop business," he said.

"When an enterprise aims to serve both policies and profits, it cannot stay focused on one and will become vulnerable to corruption while expanding," he added.

Zhuang Deshui, deputy director of the Research Centre for Government Intergrity-Building at Peking University, believes that the issue with corruption lies in inadequate and incompatible supervision. "Our supervision is often absent before corruption occurs and current supervision lacks precision," he said, adding that the complex nature of grain reserves requires professional expertise to detect corruption.

"We can't conduct full monitoring of the grain reserve system due to confidentiality concerns. Besides, purchase and sales criteria require some flexibility, which confuses supervisors... because it can be manipulated," Zhuang said.

According to Zhuang, although the government has already worked out standards for each link of the grain reserve system, real-time supervision and effective analysis of financial data is still impossible. "In this situation, the system can only rely on general principles and severe punishment through campaigns to establish its prestige," he said. "But in the future, innovations such as a big data platform for real-time supervision and auditing may be introduced," he added.

"While the special campaign may temporarily reduce corruption in the grain reserve system, which could also shift to new or latent forms of corruption... resolute reform in the grain reserve system is more important," Mao said. ★

Medical Corruption

Sick Practice

At least 13 hospital executives have been found guilty of corruption this year, raising concerns among experts over China's abilities to fight fraud and bribery in its medical system

By Zhou Qunfeng

A bribery scandal involving a top-ranking official at one of China's leading pediatric institutions has once again exposed ongoing corruption in the country's healthcare system.

After a nearly yearlong investigation, Wei Yongxiang, the former president and deputy Party secretary of the prestigious Capital Institute of Pediatrics, was fired for allegedly accepting money that "could potentially compromise his ability to perform his duties impartially," Beijing Municipal Party Discipline Authority announced on its website on March 26.

Wei displayed a readiness to "become a target" for bribers and was expelled from the Communist Party of China, the announcement read.

Thirteen hospital directors and vice-directors were also found guilty of corruption following a separate monthlong investigation launched on January 9, 2023.

The majority of the bribes were traced back to pharmaceutical companies, medical equipment manufacturers and construction contractors.

The cases have raised concerns among experts about widespread corruption in China's healthcare system.

"In most cases disclosed over the past few years, these corrupt activities would have remained undetected had it not been for the bribers themselves or the suspects' rival colleagues exposing them," Zhao Chun, chairman of the Medical Clinical Speciality Development Committee at the China Medical Foundation, told *ChinaReport*.

A visitor takes a photo at the 86th China International Medical Equipment Fair (CMEF), Shenzhen, Guangdong Province, November 23, 2022 (Photo by VCG)

Bad Directors

Wang Tianchao, born in 1957, worked odd jobs from a young age to help support his siblings. Despite economic hardships in the wake of the Cultural Revolution (1966-1976), Wang became a top medical student. He joined Yunnan Provincial First People's Hospital, rising to become its director in 2004.

However, his power led to corruption, first through cash bribes from patients seeking preferential treatment, then from doctors in exchange for promotions they were unqualified for. He also meddled in the purchase of medical equipment and the hospital's contracted projects, news website Sohu.com reported on March 11, 2023.

By the time he was arrested in 2014, Wang had amassed 120 million yuan

(US$17.35m) in bribes, owned 100 flats and 100 parking spaces. In 2017, he was sentenced to life imprisonment.

Wang's case is not unique. In the first 11 months of 2022, 55 public hospital directors and Party secretaries were suspected of corruption, according to the People's Daily Online.

An official in Yunnan revealed details of a corruption case involving an inflated hospital bid for a digital angiography system, which provides imagery to detect problems with blood flow in the brain, heart, lungs and kidneys.

"The system sold for 5.79 million yuan (US$840,000), but the contract price to the hospital was more than doubled to 11.7 million yuan (US$1.69m)," said Yang Xinyu, an official from the Commission for the Discipline Inspection of the Communist Party of China (CPC) and the Commission of Supervision, Yunnan Province.

In a 2020 anti-graft documentary made by Yunnan authorities, investigators recoil from a strong odor as they uncover large vats filled with mouldy cash hidden by Yang Benlei, former director of the Traditional Chinese Medicine Hospital in Chuxiong Yi Autonomous Prefecture, Yunnan Province. According to investigators, Yang had the final say in all medicine and facilities procurement at the hospital.

Requesting anonymity, a doctor from a top tertiary hospital in Shandong Province, told *ChinaReport* that the current system empowers hospital leaders, making oversight difficult.

Hospital committees that procure medicine and equipment often dare not protest the decisions of their directors and Party secretaries who decide their promotions, Zhao said.

Wang Xiuhua, former secretary-general of the Shandong Hospital Association, suggested in his 2016 article "A Lesson Learned from Wang Tianchao" that public hospital chiefs' power should be contained by listing their duties under supervision, thus reducing opportunities for secretive operations.

Bribery Under Wraps

Hidden methods of bribery are hard to detect and track, involving bidding rules, commission fees, invisible stakeholders and symposiums.

For example, He Xianwei, director of Huzhong People's Hospital in Daxinganling, Heilongjiang Province, on the surface seemed to dress plainly and live within his means.

However, after barely serving six months as hospital director in 2014, He began demanding kickbacks from a pharmaceutical company chairman.

A March 2021 report from the Central Commission for the Discipline Inspection of the CPC and the National Commission of Supervision detailed their transactions.

They rendezvoused in a quiet alley, where the chairman agreed to pay He a 15-percent commission for medications sold to the hospital from August that year.

He also demanded payment in cash under the strictest confidence, otherwise he would end their cooperation. According to investigators, He's dealings were not easily detectable.

It was not until a briber's confession that prosecutors were able to collect enough evidence to build a case against He. The lawsuit involved more than 10 pharmaceutical and medical equipment companies.

Despite the anti-graft drive, hospital directors still manage to receive bribes and evade prosecution. According to Huang Xianfeng, Party secretary of the disciplinary watchdog in Yuhuan, Zhejiang Province, four methods of bribery are hard to trace.

Hospitals can set rules for open bids that favour specific vendors. They can also profit by cooperating with third-party buyers for kickbacks, as invisible stakeholders in pharma companies, and through deals at the many medical industry conferences held at resort destinations across the country.

Zhao Chun said drug companies and medical equipment manufacturers have many options to exert influence through bribes. "For instance, they can bribe retired hospital directors... or target the relatives of incumbent directors, which is hard to detect," he explained.

Pulling the Plug

Hospital directors started to amass power in 1982, when the Ministry of Health (now the National Health Commission) separated Party management from hospital operations as part of China's reform and opening-up.

In 2018, hospital directors were put under the supervision of Party secretaries to contain their power.

However, according to Zhao, this system faces challenges due to the medical industry's complexity. "The corruption taking place is very clandestine, and those without decades of clinical experience rarely notice the tricks used in hospital operations such as procuring medical facilities," he said.

Wang Minggao, a senior expert at the Think Tank on Clean Governance in Hunan Province, told *ChinaReport* that Party supervision is problematic because those appointed often lack medical expertise.

"Instead, candidates... are appointed to the position of [hospital] Party secretary based only on rank and seniority, which nullifies the function of supervision," he said.

From 2020 to 2022, the National Health Commission collaborated with authorities such as the Ministry of Public Security to investigate medical corruption.

Zhao Chun told *ChinaReport* that hospitals should promote only the most talented people, improve auditing and supervisory bodies' professional knowledge and contain directors' powers.

He also called for more transparency in hospital purchases. "Hospitals can play tricks with pricing when information is not transparent. Therefore, they need to publish a clear price list online so that patients are well-informed and have a comprehensive view of price differences between hospitals," he said.★

E-Bike Export

Wheelers and Dealers

With mounting orders from the US and Europe, e-bike manufacturers in China are seizing opportunities to stand out from the pack

By Li Mingzi

Among the 7.5 million e-bikes sold globally last year, around 3.3 million were made in China, according to Ma Yuchi, co-founder and CEO of e-bike manufacturer DYU based in Shenzhen, Guangdong Province.

While electric mopeds are more popular in China, where they are nicknamed "little e-mules" because of their prevalent use among delivery workers, e-bikes – which have pedal-assist modes and throttles to give riders an extra boost – are taking off in Europe and the US.

Despite the sluggish global economy during the pandemic, e-bikes were in short supply due to robust demand overseas. Given the strong momentum, experts forecast the industry will rake in hundreds of billions of dollars over the next few years.

This means huge opportunities for Chinese bicycle manufacturers, which make up more than half of global e-bike production capacity, to move from the lower end of the industry to the top.

Road to Riches

Both the US and Europe saw surges in demand for e-bikes. According to Deloitte, US sales of e-bikes between 2019 and 2021 almost doubled from 290,000 to 550,000 units. US market research institute NPD Group Inc (formerly known as National Purchase Diary) revealed that sales revenues of e-bikes in the US

Workers package electric bicycles for export at a factory, Hukou County, Jiangxi Province, March 8, 2023 (Photo by VCG)

tripled from US$240 million to US$778 million over the same period.

According to the Light Electric Vehicle Association in Florida, imports of e-bikes to the US grew by 70 percent year-on-year in 2021 to over 790,000.

In Europe, the world's largest market for e-bikes, countries like Germany and the Netherlands saw an annual market growth rate of over 30 percent in the past two years. Institutes such as the Confederation of the European Bicycle Industry and Geneva-based World Economic Forum forecast that e-bike sales will exceed 12 million on the continent in 2025.

"There are lots of zigzagging alleys in European towns, where two wheels prove a better choice, especially for older people and people commuting 30 to 40 kilometres to work," said Zhu Dankui, co-founder of e-bike brand Fafrees.

Though some have separate throttles, most e-bikes are pedal-assist, which kick in power as the rider pedals. A sensor reads the torque and revolving speed of the crankset, which signals a control system that regulates how much assistance to give.

"It's not a jerky or a sudden sensation; it's more like when I was five and learning to ride a bicycle, being helped along by a gentle push from behind by my father," wrote Patricia Marx in her article on e-bikes in the December 26, 2022 issue of *The New Yorker*.

The pandemic further fuelled demand as people sought outdoor activities, low-carbon lifestyles and alternatives to public transportation.

In Europe, while a driver's licence is required for e-mopeds that reach speeds higher than 25 km/h, e-bikes are not restricted and can share bicycle lanes.

Governments have implemented preferential policies to support the e-bike industry.

In the US, 30 percent of an e-bike's price is slated for consumption tax exemption, while countries in Europe including France, Germany, the Netherlands and Italy offer considerable subsidies for e-bike purchases. The energy crisis caused by the Russia-Ukraine war also fuelled demand for e-bikes in Europe.

According to Allied Market Research, the e-bike market is expected to reach US$118.6 billion by 2030, with a compound annual growth rate of 10.5 percent from 2020.

Charged for Export

This growing demand has encouraged Chinese e-bike manufacturers to expand their businesses abroad, particularly in the US and Europe.

On April 24, Joy Kie, a Shenzhen-listed bike and e-bike manufacturer in Hangzhou, Zhejiang Province, noted in its 2022 annual financial statement that both the US and the EU market would continue to need imports to meet the fast increase of e-bike demand.

Most of Joy Kie's products are for export. In 2022, e-bikes were its only category that recorded a strong sales revenue increase.

Steering clear from the fierce competition of the e-moped market in China, DYU focused on short-distance commuters to tap the overseas market.

According to DYU general manager Tian Jinliang, annual sales increased since the company entered the market in 2017 until 2022, when pandemic lockdowns affected supply chains across China. "Even that year, sales still equaled the year before," Tian told *ChinaReport*.

In 2018, DYU became the first Chinese e-bike maker carried by US big-box retailer chain Costco Wholesale. Costco ordered 8,000 e-bikes and an additional 20,000 the following year. In 2022, the annual production value of DYU neared 500 million yuan (US$72.5m), with a US market share above 40 percent, the Guangzhou-based *Yangcheng Evening News* reported in April.

Joy Kie announced its addition to Walmart and Costco's online shops on April 19, 2023.

Chinese bicycle manufacturer TRINX launched its e-bike brand Tenways in May 2021, targetting urban commuters in Europe and the US. It has a headquarters in the Netherlands and several facilities across Europe. Tenways's entry model is priced around 12,000 yuan (US$1,747) in Europe, three to four times the cost of a mid-range e-moped in China.

Also in 2021, Zhu and his partners rolled out their e-bike line Fafrees on online platforms worldwide, including Amazon. Last year, they sold about 10,000 e-bikes and expect sales to double, Zhu said. Instead of opening brick-and-mortar outlets for maintenance services, Fafrees compensates customers between 30 and 100 euros (US$33-110) in cash for needed parts and repairs.

In 2018, the EU imposed an anti-dumping tax ranging from 21.8 to 83.6

E-bikes are displayed at the 2023 China International Bicycle Fair, Shanghai New International Expo Centre, May 5 (Photo by VCG)

percent on e-bikes imported from China. From 2014 to 2017, the number of Chinese e-bikes exported to the EU tripled, with market share growing to 35 percent, while average prices dropped by 11 percent, Reuters reported.

The tax, intended to shield Europe's domestic producers from price dumping, has actually saved a number of Chinese start-ups from engaging in undercutting and price wars, Zhu said. "The high tax yields high prices. And the reasonable revenues enable enterprises to focus more on research and development to get a firm foothold in the European market," he said.

Race to the Top

The industry has attracted numerous investors. Tenways's first year was bankrolled by US$850,000 from Indiegogo, a San Francisco-based online crowdfunding platform.

By the end of 2022, the company registered a 38.8 percent increase in capital, from less than 20 million yuan (US$2.9m) to about 27 million (US$3.93m). Among its investors is Guangxi Tencent Venture Capital, an affiliate of internet giant Tencent, which took a stake in the e-bike company in November 2022, tech media outlet Pandaily reported.

More than 10 billion yuan (US$1.45b) in investment has poured into over 20 two-wheel electric vehicle makers worldwide since 2021, according to Beijing-based investment data provider CV Source. The Hillhouse Group, an investment management company established in 2005 in Beijing, financed two funding rounds for Tenways.

High-tech manufacturers like Xiaomi and Midea also entered the fray by partnering with domestic e-bike manufacturers. In April 2022, home appliance giant Midea announced it acquired a 55-percent stake in TTIUM, a developer of smart driving systems for two-wheel electric vehicles in Wuhan, Hubei Province.

Besides capital, China's industrial chain has given a boost to domestic manufacturers expanding overseas.

With the technology spillover from the new-energy vehicles, e-bikes in China feature improved electric drives, lithium batteries and electric control systems. The country possesses complete bicycle supply chains, which helps reduce cost, Li Jinning, investment director of Shenzhen Hofan Venture Development, which focuses on offshore Chinese start-ups, told *ChinaReport*.

According to Tian Jinliang at DYU, Chinese manufacturers were dependent on imported torque sensors – which measure how hard the rider is pedaling to determine how much electric power to allocate – until 2017 when they started producing their own, which reduced costs.

An industrial insider who spoke to *ChinaReport* on condition of anonymity broke down the retail price of a 1,000 euro (US$1,096) e-bike in Europe, which includes a per unit price of 400 euros (US$440), 200-250 euros (US$219-274) in shipping fees, taxes and a 15-20 percent commission for e-commerce platforms.

"With these fixed costs, e-bike manufacturers have to improve technologies and increase the value-added of their brands to reduce expenses and increase efficiency," the insider said, adding that smart manufacturing is crucial to reducing costs for customised production, which involves parts of different standards and sizes.

However, Li said strong production capacity boosted by technology will not be enough to secure an established brand when competition turns from a "blue to red ocean."

"While existing industrial chains and applicable technologies make e-bikes easier to produce, it is difficult to stand out. Heterogeneity is crucial to sustained competitiveness," Li said.★

Early Warning

The decline in China's population has come earlier than expected. It not only brings a cognitive impact, but more importantly, it may lead to delays in adjusting economic and social policies

By Cai Fang

According to data released by the National Bureau of Statistics (NBS) in January, China's total population at the end of 2022 was 1.41175 billion, a drop of 850,000 on 2021, with a natural growth rate of minus 0.60 per thousand. This shows that China's population entered negative growth in 2022 after peaking in 2021. The declining fertility rate and the increasing ageing rate, along with the population growth rate changing from positive to negative, are natural processes of economic and social development, which are within expectations and a natural result. However, the timing is unexpected. More attention should be devoted to better understanding how to make timely policy adjustments.

We should neither overlook negative population growth nor panic. As this new population trend has so far not aroused enough social attention, this article will analyze the negative population growth from three perspectives to inform the public, which can lead to an effective policy response.

Earlier than Expected

The arrival of negative population growth is much earlier than expected, which has resulted in a lack of preparation on how to understand and respond to it.

The general understanding of China's demographic shifts significantly lags reality, mainly because of the lack of projected population data being issued. In 2018, the Population Division of the Department of Economic and Social Affairs of the United Nations estimated that China's population would peak after 2025, and its projection of the proportion of people aged 65 and above, or the ageing rate, was also significantly underestimated. When China's NBS revealed a population decline in 2022, it became clear that China's population peak and ageing levels

Cai Fang, a member of the Standing Committee of the 13th National People's Congress, former vice president of the Chinese Academy of Social Sciences and a member of the Monetary Policy Committee of the People's Bank of China

were at least five years ahead of the UN projection.

Global statistics and individual cases in certain countries reveal that once the working-age population enters negative growth, it impacts the economic growth rate on the supply side. As the total population peaks and transitions into negative growth, economic growth will also be affected on the demand side. This is particularly true for China, where the ageing rate (14.9 percent) has passed the 14 percent turning point for an ageing society, leading to weakened consumer demand. Therefore, given the sudden negative population growth and worsening ageing situation, we must acknowledge the inevitability of this trend, and the challenges and opportunities of this pressing scenario, and address them appropriately.

Job hunters attend a job fair in Guangzhou, Guangdong Province, February 13, 2023 (Photo by VCG)

Realistic Challenges

Some individuals maintain that China's total population and workforce will remain huge and as a result, the ongoing population change will not substantially hinder economic growth. While this perspective holds some truth, it may cause people to underestimate the realistic challenges. For economic growth, the increments are more important than the existing population size. In other words, the populations' positive, zero or negative growth impacts economic growth to varying directions and magnitudes.

First, after the population entered negative growth, the decline in the working-age population will accelerate, leading to an earlier and greater decline in the potential growth rate of China's economy. From 2011 to 2022, when the working age and total population peaked, the decrease of the working-age population aged 15 to 59 in China was still in a transition period, with a moderate average annual decrease of 0.14 percent. Between 2022 and 2035, the average annual decline in the working-age population will speed up to 0.83 percent. This will result in reducing the potential economic growth rate, which will show in higher wage costs due to labour shortages, the slowing of human capital improvement because of decrease in new workers, lower investment returns due to faster capital input than labour input, and slower progress on labour productivity.

Second, the negative population growth and the increase in the ageing population make the demand factor, especially household consumption, a constraint on economic growth. China's population, economic and consumption growth are mutually influenced, and they have all slowed concurrently in recent years.

It is not just the consumption ability and willingness of the elderly to spend that is restricted by their low employment rate, labour income and social security level, but consumption of middle-aged working people is also evidently hindered by the burden of paying pension contributions, supporting the family and precautionary savings. Surveys conducted in some cities show that for each year of increase in age from 23 to 85, average consumer expenditure falls by 1.8 percent. Transnational data shows that once the ageing rate

surpasses 14 percent, the threshold of an ageing society, the proportion of consumption in GDP decreases. In China, consumption growth is not just hit by negative population growth. In 2021, as the ageing rate reached 14.2 percent, household consumption weakened.

Finally, the population dependency ratio is accelerating, which weakens the sustainability of the basic pension and health insurance systems. In the 10 years before and after the population peak in 2021, the ratio of the elderly aged 60 and above to the working-age population aged from 16 to 59 – the elderly dependency ratio – is expected to increase significantly from 3.8 percent annually between 2010 and 2022 period to 4.5 percent annually from 2022 to 2035.

In China's pay-as-you-go basic social security system, pensions are paid according to the amount of contributions workers put in. The decreasing number of payers versus the increasing number of recipients raises concerns about the system's sustainability.

Despite negative population growth, China's enormous population remains an advantage and provides opportunities for economic and social development. From the supply side, although the decline of the working-age population is speeding up, adjusting the employment structure can still greatly increase labour supply.

In 2021, the proportion of agricultural employment in China was 23 percent, 20 percentage points higher than the average in high-income countries. Reduction in agricultural employment by 1 percentage point can release more labour than in countries such as Mali and Yemen, and a 10 percentage point reduction means releasing more labour than that in countries like Pakistan and Russia. A reduction of 20 percentage points can release more labour than the total working population in the Middle East and North Africa.

From the demand side, the vast size of the population has huge potential to expand consumer demand. In 2021, China's population accounted for 17.9 percent of the world's total, while total household consumption expenditure was only 12.8 percent of the world's total, meaning that China's per capita consumption expenditure is still lower than the global average.

If this obvious gap can be narrowed, and the proportion of China's consumption to the global total and the proportion of China's population to the global total could reach that same level, the total consumption spending of Chinese residents can increase by 39.4 percent. This increment would be even greater than the consumption spending of Japan, Germany, the UK and India.

Urgent Reform

Some opinions assert that negative population growth will not necessarily halt economic growth. Factors such as the transition from labour quantity to quality, the replacement of workers with machines or robots, and using AI and tools like ChatGPT to enhance productivity all serve as driving forces to enable a new growth momentum for high-quality development.

However, these positive factors do not mean that the disappearing demographic dividend can be taken lightly. A new growth momentum will not emerge automatically; it can only be generated at a faster pace when approached appropriately.

When traditional growth driving forces weaken on both the supply and demand side, the urgency for new institutional mechanisms, policy guidance and institutional arrangements becomes much stronger. Consequently, the direction for the reform will become clearer.

From the supply side, we should replace the demographic dividend with the reform dividend. We propose two scenarios for predicting China's potential economic growth rate: Assuming the growth rate of total factor productivity (comparison of outputs to amount of inputs used in production) improvement remains unchanged, the disappearance of the demographic dividend would result in an average annual potential GDP growth rate of 4.4 percent between 2021 and 2035. The other is based on the assumption (by my calculations) that the total factor productivity growth rate is increased by 13 percent, then the potential growth rate would reach 4.8 percent.

There are several measures that must be taken to increase total factor productivity under the new population condition. These include enabling more labour transfers from agriculture during the urbanisation process, creating a better business environment and wider market access for market players whose survival depends solely on their productivity (without depending on factors such as policy changes), and creating more high productivity jobs in the manufacturing sector for a well-educated workforce.

On the demand side, we should improve income distribution and increase the supply and equality of basic public services. Significantly narrowing the income gap and establishing a sound social welfare system that covers the entire population and the whole life

cycle will not only help fulfil the goal of "common prosperity," but also serve as a way to tap the vast potential consumer market.

Measures must be implemented to increase incomes and provide basic public services for those in poverty alleviation areas, rural migrant workers and the elderly, enabling them to join the middle-income group. This will greatly enhance the endogenous power and reliability of domestic economic circulation.

Reform can yield significant benefits in certain areas where progress on the demand side can promote progress on the supply side, and vice versa. For example, reforming the household registration system to allow rural migrant workers to live permanently in urban areas can boost the supply of non-agricultural labour, enhance labour mobility and thus improve the efficiency of resource relocation. Their income and consumption will also experience considerable growth.

In addition, China has enough fiscal resources to extend the compulsory education period (from the current nine years to 10-12 years), potentially creating a second demographic dividend. Assuming that the proportion of public education expenditure remains at 4 percent of GDP, public education expenditure can achieve an average annual increase of 4.3 percent by around 2035. At the same time, the burden of compulsory education (measured by the ratio of the population aged 4 to 18 to the population aged 19 to 64) decreases at an average annual rate of 2.2 percent in the same period. ★

The writer is a member of the Standing Committee of the 13th National People's Congress, former vice president of the Chinese Academy of Social Sciences, and a member of the Monetary Policy Committee of the People's Bank of China

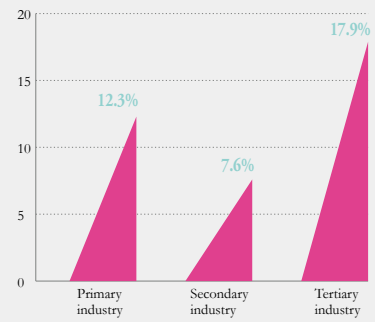
China By Numbers

8.3%

Year-on-year growth of China's total electricity consumption in April, reaching 690.1 billion kilowatt-hours

Source: National Energy Administration of China

Year-on-year growth of power usage in three main sectors in April

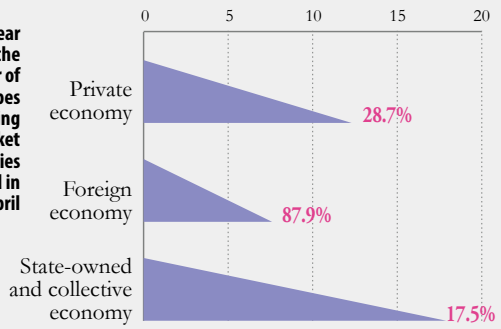


28.8%

Year-on-year increase in the number of new taxpaying market entities in April, totalling 1.48 million

Source: State Taxation Administration of China

Year-on-year growth in the number of three types of taxpaying market entities registered in April



8.7%

The proportion of corporate bond balance in outstanding total social financing by the end of April, a year-on-year decrease of 0.9 percentage points, while the share of the government bond balance rose 0.6 percentage points to 17.4%

Source: People's Bank of China

6.2%

Year-on-year decrease in investment in real estate development between January and April that totalled 3.55 trillion yuan (US$507.8b)

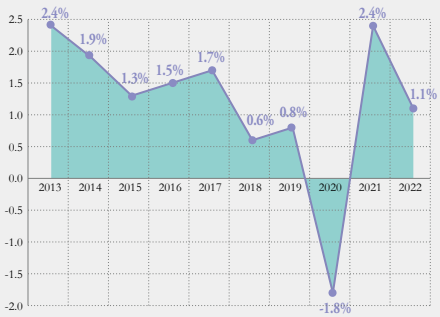
Source: National Bureau of Statistics of China

1.1%

Year-on-year rise in the total number of migrant workers in 2022 that reached 295.62 million

Source: National Bureau of Statistics of China

Year-on-year change in the total number of migrant workers between 2017 and 2022



Medicine Abuse

Bitter Pills

Prescription medication abuse among young people is increasing. The government is tightening control of common painkillers and remedies, but health experts say that undiagnosed mental health issues are the cause

By Niu He and Xie Ying

Cough and cold remedies containing dextromethorphan (DXM) as the active ingredient, mainly as cough suppressant, became household names in China when the Covid-19 virus spread rapidly in December 2022 after the government lifted pandemic controls.

Used in many common cough medications in the West, including Robitussin, Vicks Nyquil, and Tylenol cold and flu remedies, DXM replaced codeine in many over-the-counter drugs in the 1970s. According to health experts, taken at very high doses, drugs containing DXM can produce a high similar to

that of other synthetic pain killers, like ketamine or nitrous oxide, commonly known as laughing gas.

The effects range from a mild buzz to hallucinations, paranoia or aggression. Easily accessible, recreational use appeals to teens. But many say they have turned to these and other prescription drugs to relieve pressure, particularly from study or family.

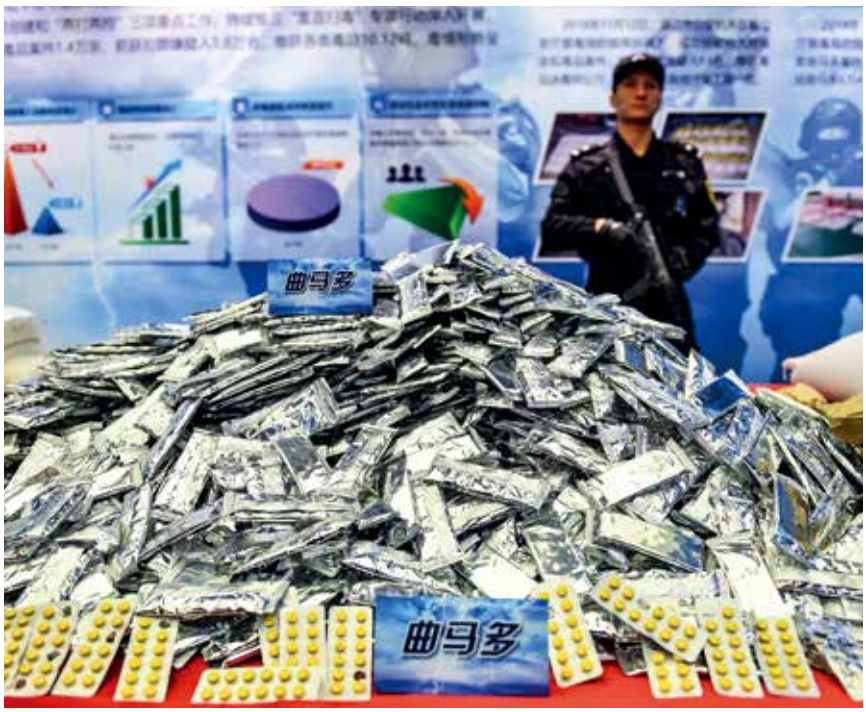
"It's like being drunk... I feel happy and it gives me a huge sense of release," Zhang Hao (pseudonym) told *ChinaReport* . The 17-year-old from Nanjing, Jiangsu Province said he has been taking drugs containing DXM for more than six months, joining an online chat group to make it easier to source the medications without his parents knowing.

On February 13, China's National Medical Products Administration (NMPA) and other two departments issued a document on tightening supervision of medicines containing DXM, including cough tablets, diarrhea medicines, pain killers and anesthetics. Many of these medications, especially anesthesia drugs, are obtained illegally. Health authorities warned that young people have been abusing and becoming addicted to prescription and over the counter medications, exposing them to serious health risks.

"Those types of drugs are widely abused, and long-term abuse causes as much harm as traditional narcotics. If we don't tighten controls, the abuse will worsen," said Xu Jie, an expert at the NMPA's examination centre of special medicines and drug rehabilitation at Beijing Gaoxin Hospital.

Tip of the Iceberg

Zhang Hao said he took 16 tablets in one go when he got Covid-19 in December 2022. He started feeling better, and cut down to 10 tablets a time. The



(Top) Police display drugs involved in a case of online smuggling of Tramadol, an addictive pain medication, Guangdong Province, January 22, 2019 (Photo by Chen Jimin)

(Bottom) Police lecture students on addictive anesthetics, Horgos, Xinjiang Uygur Autonomous Region, June 27, 2022 (Photo by VCG)

recommended adult dosage is only 1-2 pills, three to four times a day.

Zhang started taking DXM in his second year of high school while under pressure to prepare for the national college entrance exams. He felt increasingly depressed until he found out about DXM on Tieba, an online bulletin board run by tech firm Baidu. He started with 10 pills.

"I felt an immense sense of release and relaxation. This feeling made me gradually dependent on the medicine," he said. He continued to take it once a week, ordering the pills online, making sure he put the pills in a vitamin bottle so his parents would not be suspicious.

"My parents have no idea I'm taking DXM. They think I'm taking Vitamin C... As long as I control the dosage and frequency, I won't get addicted," Zhang said.

In a report by Xu at Beijing Gaoxin Hospital, several DXM abusers reported feelings similar to Zhang Hao: dizziness, light-headedness and excitement. Xu's clinical study showed that 1,000 milligrams of DXM has similar effects to 10 milligrams of heroin. Large doses cause increased secretion of dopamine, leading to dependence and addiction over time.

"Most prescription medication abusers [in China] are teens and young people," Xu told *ChinaReport*. "Since the latter half of 2016, a growing number of young abusers of DXM have been taken by their parents to consult doctors. Few started taking the pills for medical reasons," he said.

Xu said that in 2018, his hospital treated around 100 abusers of the medications listed in the government document, and the number is rising every year. Around 300 people addicted to prescription medications were treated in 2022, many of whom were also diagnosed with mental health issues.

An NMPA report said that in 2016, 1,794 hospitals, drug rehabilitation centres and community health centres received 276,000 monitoring reports about medication abuse, 10.7 percent more than in 2015. Abusers under 35 years old made up 51.78 percent of the total, and 87 types of medication were being abused.

"There is an obvious tendency that medication abusers are increasingly younger. Many started in junior high school, either on campus or at entertainment venues around schools. Those adolescents don't have great self-discipline and are easily influenced. Some of them have to drop out of school after getting addicted to medicines," Liu Shouye, head of the management department of a drug rehabilitation centre in Northeast China's Jilin Province, told *ChinaReport*.

"The figures in the NMPA's document are the tip of the iceberg, since a great many young abusers don't ask for help, and even though they feel terrible, they never admit to health professionals they are abusing medications," said He Rihui, founder of a healthcare group in Guangzhou, Guangdong Province. "As long as they can physically bear the side effects, they hide their abuse," He, who has been involved in treating young people for medication abuse for 20 years, told *ChinaReport*.

Zhang Hao agreed. "I'd never tell my parents I'm taking medications, unless I feel bad," he said, adding that he chose DXM because he believes it has fewer health risks than psychotropic drugs like anti-depressants or mood-stabilisers.

"Young people are generally aware of the harms of illegal narcotics, but they believe that medicines containing DXM won't cause much harm. The side effects are slower to register, so they lower their guard," Xu said.

Multiple Drugs and Channels

Although Zhang Hao insisted he could stick to his dose of 10 pills, he is unsure whether he will build a tolerance and have to increase the dosage.

Some are already moving beyond over-the-counter cough medicines and painkillers. Liu Zhou (pseudonym), 29, one of He's patients, has abused medicines since junior high school. He took cough medicine first, and then Tramadol, a painkiller containing DXM. When controls on Tramadol were tightened, he started smoking methamphetamine.

According to He, DXM abuse among young people has been rising since 2015 when cough medicines containing addictive codeine were defined as Class-II controlled psychotropic drugs. When controls on Tramadol were tightened, some turned to opioid-based painkiller Oxycodone, or Acetaminophen, also known as paracetamol and a common over-the-counter painkiller. Others started using synthetic drugs like ketamine, an anesthetic for both humans and animals.

"Many young people abuse more than one type of medication, and it's very hard for them to completely kick the habit," Xu Jie said. "As long as they have the psychological need for it, they'll just shift between different medicines," he added.

To curb abuse of medication, the NMPA made DXM a prescription-only drug in 2021 and banned online sales in 2022. However, there are still illegal channels to get those medicines.

Zhang Hao refused to tell *ChinaReport* exactly how he buys his DXM, saying only he was in an online chat group that has a way to get people what they want. "Supervision in Nanjing is very strict and it's getting much harder to get DXM. The price has gone up to 40 yuan (US$6) a box," he said, adding that he

has not had any for three weeks.

Zhang said he now takes a brand of medication called Guaifenesin and Dextromethorphan Hydrobromide instead. A non-prescription medicine, the pills contain 15 milligrams of DXM and 100 milligrams of Guaifenesin. "I don't find it as effective, but it's an acceptable substitute," Zhang said.

While posing as a medication abuser in Zhang Hao's chat group, a *ChinaReport* reporter observed two junior high students discuss how to buy the raw materials to make a DXM-based concoction. "We can mix water into the raw material, and take it as a syrup," one said.

ChinaReport called several pharmaceutical companies that sell the raw materials, which all emphasised they are only allowed to sell them to qualified pharmaceutical enterprises and will not sell to individuals or direct to chemists.

The NMPA document demands strict supervision of production of the listed medicines, better management of enterprises and strengthened oversight of offline and online chemists, as well as logistics links.

On February 18, *ChinaReport* visited several pharmacies in Haidian District, Beijing and found DXM cough tablets available without a prescription. Although some chemists said they exercise caution when young people buy the pills, none has set a maximum purchase limit.

"For the sake of more profit, many chemists have not implemented the required supervision very well," Liu Shouye said.

Root Treatment

When Liu Zhou's parents took him to He's hospital, he violently resisted treatment and the nurse could not give him an injection. "He was suffering from hallucinations and thought we put something toxic in the syringe," He said. "He pulled out the needle and tried to escape... We tried very hard to convince him," he added.

According to He, Liu did not recover until he underwent detoxification and psychological intervention.

"Effective treatment of medicine abuse is not easy," He said. Besides psychological treatment, He's hospital offers ultra-rapid opioid detoxification under general anesthesia (UROD), a quick de-addiction treatment using alvimopan dihydrate, a class of chemical compounds that brings about withdrawal from the effects of opioids.

"UROD requires professional general anesthesia, but there aren't many health providers that can do it, since few anesthesiologists specialise in this field," He said.

"Multi-disciplinary treatment is the best way to treat medicine abuse, since it's not a problem that can be solved by a single department, but right now, drug rehabilitation centres lack professionals and the technologies," he added.

Xu agreed and emphasised that out-of-hospital supervision is even worse, since many fall back into old patterns of abuse. In a study published in the *American Journal on Addictions* in November 2020, Xu revealed that among 28 young DXM abusers hospitalised between October 2015 and April 2019, 7.14 percent relapsed one month later, 25 percent three months later, 71.43 percent six months later and the rate shot up to 89.29 percent after one year.

Many experts said that more attention should be paid to mental health, since this is the root cause of their medicine abuse. In a January interview with *China Comment*, a political news journal under the Xinhua News Agency, Sun Jijun, deputy director of the Material Dependence Department of the Mental Health Centre at Zhejiang University School of Medicine, revealed that 30-40 percent of their patients suffered depression or anxiety. Liu Hao, another mental health physician at the People's Hospital of Wuhan University, Hubei Province told the same journal that young medicine abusers he treats are often depressed or suffer from anxiety over relationships involving family or school.

According to the 2022 Blue Book on National Depression by the Beijing-based Depression Institute, 50 percent of the 6,670 surveyed with depression were students and 30 percent under 18 years old.

The Report on National Mental Health Development in China (2021-2022) published by the Psychology Institute, Chinese Academy of Social Sciences showed that the depression rate of the 18-24 age group at 24.1 percent is much higher than the average rate of other age groups at 12.3 percent. With few resources available to help young people with mental health issues, many abuse medications or commit suicide, experts said.

"Many young medication abusers are at first tempted by their friends, but those under pressure to study or who have dropped out of school are more prone to abuse medications," Xu Jie said.

"Addiction is merely a superficial phenomenon. The underlying cause is family education," He Rihui said.

"My survey of the young abusers I treated revealed that most of them lack familial attention or who have suffered from some kind of mental health issue or trauma. They generally feel depressed and can't focus on their studies. Not understood by parents and teachers, they turn to medicines, gaming or even drugs and gambling," he said. ★

Kindergarteners show off their freshly dyed eggs, Southeast Qian Autonomous Prefecture of Miao and Dong, Guizhou Province, February 21, 2023 (Photo by IC)

Education

Lessons of the Future

What will China's falling birth rate mean for the education sector, from primary to higher education? Education specialist Qiao Jinzhong discusses the scenarios with *ChinaReport*

By Huo Siyi and Li Jinjin

Influenced by the declining birth rate, fewer children are enrolling in kindergarten, forcing many preschools to attract students rather than relying on parents' desire to vie for places in the previously competitive education sector.

A temporary birth boom in 2016 and 2017, due to China's relaxed birth control policy that allowed couples to have two children, has strained elementary schools, which children start at age 6. However, since 2018, the birth rate has plummeted. According to the National Bureau of Statistics (NBS), China's population in 2022 shrank by 850,000, marking the first decline in six decades. Qiao Jinzhong, a professor at the Institute for Higher Education at Beijing Normal University and a member of the Chinese Society of Educational Development Strategy, discussed the impact of the declining birth rate on the education sector.

ChinaReport: China entered an era of population decline in 2022, which implies a reduced need for schools as the birth rate drops. How will this affect demand for education resources across age groups?

Qiao Jinzhong: The replacement level for a population requires a fertility rate (the number of children each couple have) of 2.1 or above, but China's fertility rate had already fallen to around 2 as early as the 1990s. The "second child" policy implemented in 2016 was not as effective as expected, and since 2017, the number of new births began to drop by 2 million each year. Such a constant drop is generally irreversible.

There are now empty beds in hospital gynecology departments and kindergartens are shifting to poaching students from each other. The preschool sector is worst hit right now, but in the long run, the compulsory education sector (6-15 years old) will see the heaviest impact.

Based on our team's model which forecasts changes in the number enrolled in compulsory education from 2020-2035, we predict a slow initial increase in students, peaking at 146 million in 2024, followed by a rapid decline. From 2025-2028, the average number of students in compulsory education will drop by 1-2 million annually, expanding to 3-4 million in the next five years. Demand for elementary school places will peak by 2024, about 4.85 million more than in 2020, while demand for junior high schools will peak in 2029. By 2035, the cohort of school-age students in the compulsory education phase will

drop to 110 million, around 30 million less than in 2021. Our model assumes a total fertility rate of 1.5. However, the actual rate in 2021 was 1.15, suggesting even lower figures than predicted.

CR: If the number of students drops by at least 30 million, will we need fewer schools?

QJ: In fact, the number of compulsory education schools has been declining since 2003, with an accelerated drop expected between 2020 and 2035. Our projection shows that by 2035, the need for elementary schools and junior high schools will decrease to 92,800 and 47,900 respectively, a drop of 51,400 and 3,800 from 2020. It is obvious that the population decline will impact elementary schools more than junior high schools, since they are distributed more densely to cover nearby communities.

CR: So in 12 years, the number of elementary schools is likely to halve. What kind of schools will be the first to close?

QJ: Elementary schools in areas where the population is declining most severely will be the first to go. Private schools in regions where there are more students in private school than public, likely due to local governments' weak financial status, are also at risk.

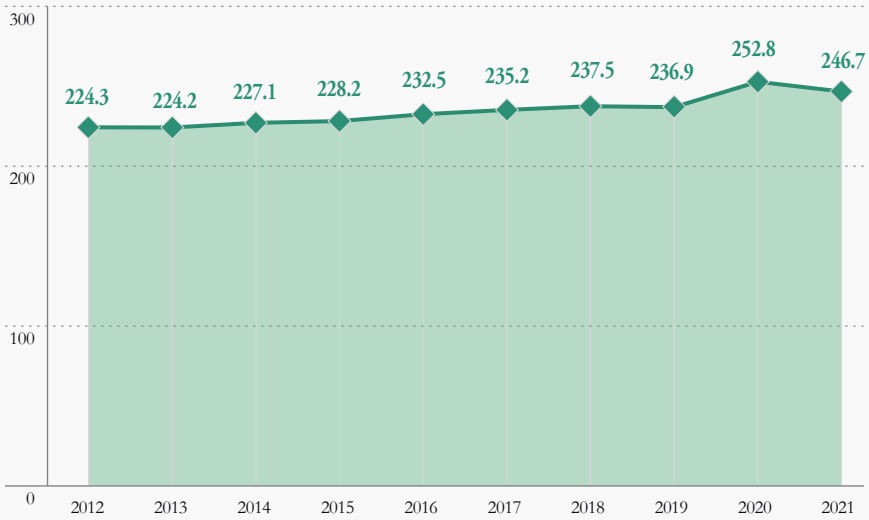
However, the central government is guiding and supervising local authorities to fulfil their legal responsibility to provide compulsory education [for all]. When the demand-supply relationship radically changes, private schools unable to recruit enough students will go bankrupt and the best out of the remaining schools will gradually shift to smaller classes enabling them to focus more attention on each student. This shift, actually common in countries experiencing a population plunge, is helpful to improve teaching quality.

CR: As Japan's birth rate has declined since the 1980s, the country shifted to a more relaxed education approach, with elementary schools embracing experiential learning. Chinese students still compete fiercely in each educational phase. Will China follow Japan's steps as the demand-supply relationship in education changes?

QJ: Very likely, enrolling in [good] schools will become easier and they will become more relaxed. They will focus on knowledge rather than exams or rankings. The shift could improve education quality without forcing every student to participate in this competition for places [in good schools].

Annual Population of 0-14 Years in China (2012-2021, in millions)

Source: National Bureau of Statistics of China



A woman feeds a child a snack at Qianmen, a popular tourist spot in Beijing, January 17, 2023. In 2022, China announced its first population decline in decades (photo by VCG)

But we must consider that as supply and demand changes, it is very important to choose the right time to change the criteria of opening new schools. Local governments should consider both the future number of school-age students and local conditions. Changes to criteria of closing or opening schools should be avoided during years when we already know there will be big demand shifts for schools. There should be flexibility built in to ensure the supply is stable with some redundancy to prevent waste of resources. If we establish too many schools when demand peaks, they will just become redundant when the school-age population declines.

CR: How will reducing the number of schools influence teachers?

QJ: As the number of school-age students changes, the demand for teachers in compulsory education will decrease between 2020 and 2035. Based on the present ratio of students to teachers, by 2034, we'll have 1.5 million surplus elementary school teachers and 370,000 redundant junior middle school teachers.

Elementary schools will face bigger and earlier waves of redundancy than junior high schools, which will first

experience a shortage of teachers. To respond to this, we have to cut class sizes, lower student-teacher ratios and gradually cut enrollment at teacher training colleges for students without undergraduate degrees. These colleges should expand admission for courses in music, PE, the arts, vocational trade courses, general technologies and special needs education, and reduce language and maths admissions. China's current teacher supply is already imbalanced – we have too many Chinese and maths teachers, but a shortage in PE, the arts and sciences.

CR: Will changes in the number of school-age students and demand for teachers greatly differ between rural and urban areas?

QJ: Despite the decrease in school-age students, China will continue to urbanise. According to our forecast, the urbanisation rate of students is over 10 percent higher than that of the total population. In other words, although some adults may not live in urban areas, their children will study there. We predict that by 2031, school-age students in urban areas will exceed those in rural areas, and the gap will remain thereafter. This will be a turning point. After 2031, the focus of China's compulsory education system will shift to urban education, with cities hosting around 10 million more school-age students than rural areas by 2035. Yet, this timeline varies by region – first in developed regions before 2031 and later in poorer central and western regions. So, we must allocate resources based on local conditions.

Rural elementary student numbers will plunge sharply by around 674,500 annually between 2020 and 2035. This means a sharp decrease in village elementary schools to around 35,500 by 2035, less than half the number in 2020.

As a result, many rural education resources will be redundant. So after these areas are no longer impoverished, we should not invest too heavily in rural education, except for small schools with larger funding to ensure children there have sufficient access to quality education.

As a whole, resources should be tilted towards urban areas, where school-age students will be concentrated in the next 15 years. Based on our projection, we'll need an estimated 4,000 new elementary schools by 2026 (the peak year) and 4,000 new junior high schools in 2030 (the peak year) in urban areas. This means the urban education budget should be much bigger than for rural areas. The budget is expected to increase by 55.53 billion yuan (US$7.9b) annually between 2020-2035. As education resources shift, we must recognise the increasing movement of students to urban areas, and ensure high-quality education for most students.

CR: The change in population structure will influence higher education. In Japan, many private higher education institutions compete to enrol students by lowering entry standards. Chinese higher education is dominated by public schools, so what will happen when there are fewer students?

QJ: We'll probably experience the same as Japan. The higher education sector will shrink, so lower-quality institutions or schools that offer a similar curriculum will close or merge with other schools. When the number of higher education schools decreases, so will their size. Mega universities like Jilin University, Shandong University and Zhejiang University (with more than 10,000 students) will become fewer and their net enrollment rates will increase. Although China's higher education sector is dominated by public universities, with only a few top institutions, competition between universities will become fiercer.

But this encourages improvement in quality. With fewer students and more options, higher education institutions will be motivated to innovate. Currently, top universities in China lack the motivation to change. Students of regular majors (like business studies) don't want to do research, and providers of majors like science and engineering aren't responsive to labour market changes.

The decline in student numbers will create a buyer's market for higher education. Faced with dwindling tuition fees and fiscal support, colleges will be forced to differentiate themselves and focus on their strengths.

China's hasty expansion of university enrollment since 1998 to promote higher education has aggravated a structural imbalance. Based on international experience, higher education in subjects like engineering and medicine and even teaching should be an elite education. We now have too many low-quality schools in these areas. We don't really need so many colleges for academic studies – we need more to focus on technical and practical subjects to help students find jobs.

With fewer college students in the future, there will be more employment-oriented colleges to enable more cooperation between students and enterprises. Most universities will provide more employment-oriented courses to meet demand.

Besides, many college students actually only spend three years studying, with the fourth year doing internships. Many students in majors with higher academic standards like maths and physics will find it difficult to pass the degree. With a lower birth rate and sharper competition among colleges, it is crucial they improve their teaching quality and build internal quality supervision mechanisms. The government should follow this shift and guide such competition to enhance the overall structure and quality of China's higher education. ★

Museum

Beyond Chinatown

The only museum in Washington, DC dedicated to Chinese Americans hopes to facilitate further understanding between China and the US

By Chen Mengtong

Housed in a 1907 Beaux-Arts mansion on 16th Street in downtown Washington, DC, the Chinese American Museum in Washington, DC (CAMDC) is the only museum in the US capital dedicated to the history and culture of Chinese Americans. By telling the stories of hardship and success of both ordinary and prominent Chinese Americans, the non-profit private organisation aims to "advance the understanding, knowledge, and appreciation of the Chinese American experience," according to the museum's website. It officially opened to the public in 2021.

Its permanent exhibits range from detailing Chinese Americans' contributions to the nation, its communities and cultural histories, to prominent contemporary figures. It holds special exhibitions including "Taoism: Pursuing Harmony between Human and Nature," and events like the student art competition "Our Environment: 25 Years Later."

In an exclusive interview, Jenny Liu, co-founder and executive vice president of CAMDC, tells China News Service how the new museum tells the old story of Chinese culture, and attract visitors from beyond Chinatown.

China News Service: Washington, DC is home to many museums. Why did you establish CAMDC in the US capital?

Jenny Liu: The idea to establish this museum dates back to 2017. Washington is not only the political centre of the US, but also one of the cultural centres for museums and exhibitions. Establishing the Chinese American Museum in Washington, DC offers us at least a "foothold" in the capital with so many museums. The Chinese community has made significant contributions to American society, yet what they have done has been largely neglected, and is barely visible in mainstream media outlets. So we think there must be a platform to promote the Chinese community's culture, to tell their stories and their contributions to American society. In this way, we hope mainstream society will gradually recognise their positive role.

Displays from the exhibition Taoism: Pursuing Harmony Between Human and Nature, Chinese American Museum of Washington, DC (Photo by CNS)

CNS: Among the US museums themed on Chinese Americans or Chinese expats, CAMDC is a rather late addition. How are you different from other museums in curating and operations?

JL: There are six or seven Chinese-themed museums in the US, mostly located in major cities with large ethnic Chinese communities, such as New York, Chicago, San Francisco, Los Angeles and Seattle. They were established in earlier periods, so they are mostly located in local Chinatowns, and themed on the histories of Chinatowns and local ethnic Chinese communities.

When we were considering the site and exhibits for our museum, we believed that although our museum is mainly focused on people of Chinese origin, it should neither be a museum only for Chinatowns, nor one only for people of Chinese origin; instead, it should be a museum for mainstream American society.

We have digitised all the histories of people of Chinese origin that we have collected so far. Our focus is introducing Chinese culture and contemporary stories of the Chinese community in the US.

The Chinese community has made major contributions to the US, but mainstream media outlets are less aware of it. As a minority group, if we don't tell these stories ourselves, no one else will do it for us.

Jenny Liu, co-founder and executive vice president of CAMDC (Photo by CNS)

CNS: How does CAMDC cater to visitors unfamiliar with Chinese culture?

JL: The Chinese American community in the US has, more or less, some basic knowledge about Chinese culture, but that's not the case for other groups. Therefore, our exhibitions are mostly about some basic information, which is easy for general audiences to understand.

We hope to get the young generations in the Chinese community closer to and more interested in Chinese culture through this platform. Since 2021, we've held an annual arts contest for middle school and high school students. At the beginning, it was mainly participated in by students in the Greater Washington area, and this year, we have over 300 participants from the east and west coasts of the US, as well as students from Shenzhen, Hong Kong and Taiwan of China.

CNS: Your museum recently hosted an exhibition titled Taoism: Pursuing Harmony Between Human and Nature. Compared with other major religions, Taoism may be unfamiliar to American audiences. How does your museum introduce such a topic?

JL: We have adopted an online plus offline approach. While holding an offline exhibition, we also held three webinars discussing Taoism's relationships with Chinese philosophy, culture and art, as well as health preservation, where scholars and medics were invited to introduce Taoism and Chinese culture to American audiences.

Through this exhibition, we found that there are more than 20,000 people in the US who are actually very interested in Taoism, and some of them are Taoists, which surprised me.

CNS: CAMDC is more than just a museum. As it looks to go beyond Chinatown, how is it engaging with more American communities?

JL: Indeed so. Just holding exhibitions is a passive way to reach people. We hope to engage young Americans, not just Chinese Americans, by hosting various events.

Many young Koreans, Japanese and Vietnamese have also shown strong interest in our exhibitions. We also hold, at our venue, a regular cultural salon we call Bamboo Circle, where Chinese youngsters working in the area are invited to get together and interact.

CNS: What are your advantages in telling the history of the Chinese community and promoting Chinese culture compared to the large museums near the National Mall?

JL: Exhibitions held at large American museums offer high quality exhibits. But our advantage lies in our flexibility and clear aim, which is to introduce Chinese culture. In this regard, our work just complements what America's national museums do.

CNS: What is the significance of using museums to introduce and promote Chinese culture in the US?

JL: Actually, the US and China need more mutual communication and understanding, and this should start with culture, which is the most natural way. Our aim is to introduce Chinese culture through the exhibition, to increase understanding about China.

CNS: What exhibitions are you planning for the future?

JL: We've been planning an exhibition on the qipao, which will be presented as a fashion show in May and June this year, and we will also invite the wives of diplomatic envoys at some Washington-based embassies. We hope to promote Chinese culture, so more people can get to know its richness and colourfulness.

At the same time, there are resources of immense quality from museums in China that may have to wait 5-10 years to be exhibited at a large American museum. The CAMDC is just an available platform, with more flexibility in exhibition schedules. We are also a member of the American Association of Museums. I look forward to more and comprehensive cooperation with Chinese museums in the future.★

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Robert van Gulik

The Dutch Mandarin

A Dutch diplomat and Sinologist whose writings during the mid-20th century offered the war-torn world deep cultural insight into both ancient and modern China

By Lü Weitao and Zhang Jin

Robert van Gulik

In April, French President Emmanuel Macron's state visit to China ended on a pleasant note with his tweet that read, "Long live the friendship between China and France." He went on to say that "hand-in-hand" cultural collaborations would significantly expand in 2024 to mark 60 years of diplomatic relations between China and France.

As part of the visit, Chinese President Xi Jinping hosted an informal meeting with Macron in Guangzhou, Guangdong Province. The two leaders sipped Chinese tea while enjoying a performance of the musical work *Flowing Water* on a 1,267-year-old *guqin*, a seven-string fretless zither.

Referenced in literature dating back to the Spring and Autumn Period (770-476 BCE), *Flowing Water* is among the most famous pieces of the *guqin* repertoire. Its melody evokes vivid images of water as it cycles from melting ice to raging rivers, before peacefully joining the ocean.

The piece's legacy lives on today in a famous proverb of enduring friendship between Yu Boya, a public official and *guqin* master, and Zhong Ziqi, a woodcutter. Though of different stations, the pair became soulmates through Zhong's appreciation of Yu's music.

During World War II, a Dutch diplomat played the same melody for his Chinese friends beside the Jialing River in Southwest China's Chongqing.

An avid Sinophile, Robert van Gulik demonstrated wide-ranging interests and skills, such as music, calligraphy and seal engraving, and was a connoisseur of Chinese art. He embodied the Chinese ideal of a scholar-official, who pursued the liberal arts in addition to their prestigious government positions.

Detective Dee Mysteries

Van Gulik was born in 1910 in the Netherlands. The son of a medical officer in the Dutch army, he lived in

present-day Jakarta, Indonesia from ages 3 to 12. He displayed an interest in Asian languages and culture as a boy, achieving fluency in Malay while in elementary school. The Chinese inscriptions on his father's collection of porcelain intrigued him, so he started studying Chinese.

He returned to the Netherlands to study Chinese and Japanese at Leiden University and later Utrecht University. During that time, he added Sanskrit, Tibetan and Russian to his linguistic repertoire. After earning a doctorate with his thesis on the Horse Cult of Hayagriva, the horse-faced Hindu and Tantric Buddhist deity that spread from India to China and Japan, van Gulik joined the Dutch Foreign Service and was stationed in Japan from 1935 to 1942.

In 1940, van Gulik stumbled upon an anonymous 18th-century Chinese novel in an antique bookshop in Tokyo that would change his career.

The novel was *Four Strange Cases of Empress Wu's Reign*, a fictional account of the deeds of Judge Dee set in the 7th-century Tang Dynasty. The novel's protagonist is based on the Tang Dynasty (618-907) figure Di Renjie, who served as chancellor during the reign of Empress Wu Zetian.

Poster for the 2011 Chinese film *Detective Dee*

Van Gulik was so fascinated with Judge Dee that he translated the ancient Chinese detective stories into English and published his translation in Tokyo in 1949 as *Dee Goong An: Three Murder Cases Solved by Judge Dee*.

Superbly translated, van Gulik included notes about Chinese detective novels, the Chinese justice system and Chinese law that were essential to understanding the stories. The book even included several of his own Chinese-style illustrations.

After *Dee Goong An*, van Gulik continued the adventures of Judge Dee in a series of original detective stories. He later explained that he intended to show modern Chinese and Japanese writers that their own ancient crime-literature has plenty of source material for the genre.

Van Gulik's first original Judge Dee novel, *The Chinese Maze Murders*, was published in Japanese in 1951 and in Chinese in 1953, as he believed the stories would resonate most with readers of these two cultures. The book was an immediate success, and over the next few years van Gulik followed up with two more Judge Dee installments, *The Chinese Bell Murders* and *The Chinese Lake Murders*.

In 1956, he found a publisher for their English versions, and subsequent Judge Dee novels were published in English and later translated. Van Gulik would go on to write 16 in total, collected as the *Celebrated Cases of Judge Dee*.

Van Gulik wrote at a time when British writer Sax Rohmer's Fu Manchu stories had caught the public eye. Fu Manchu was depicted as a villain from a Chinese imperial family on the losing side of the Boxer Rebellion, which was the cult-centric peasant uprising in 1900 aimed at driving out foreign powers from China. The evil Dr. Fu Manchu personified the racist notion of a "yellow peril," which expressed Western fears of the expansion of Asian influence. Van Gulik's Judge Dee mysteries provided the West with a more balanced, nuanced view of China and its culture.

Thanks to van Gulik's writings and translations, Judge Dee was an

A more than 1,200-year-old *guqin*, the Palace Museum, Beijing

international hit. His books have been translated into 29 languages and sold in 38 countries, earning Judge Dee the moniker "the Sherlock Holmes of ancient China."

As a scholar, van Gulik is probably best known for his groundbreaking studies of sexuality in ancient China, such as his 1951 book *Erotic Colour Prints of the Ming Dynasty and Sexual Life in Ancient China* and 1961 title *Sexual Life in Ancient China: A Preliminary Survey of Chinese Sex and Society from circa 1500 BC-AD 1644*.

According to Professor Shi Ye, a van Gulik expert at Shanghai Normal University, these studies place cultural products such as literature and art within the history of sexuality, creating perfect examples of "new cultural history," or history that interprets experiences in terms of cultural factors.

Gaga for Guqin

Van Gulik was fascinated with the tastes and preferences of Chinese scholar-officials, whose favourite pastimes included playing the *guqin*.

Van Gulik became interested in the *guqin* during his post in Japan from 1935 to 1942. On his first visit to Beijing in 1936, he purchased a *guqin* made in the Qing Dynasty (1644-1911) and became a pupil of master Ye Shimeng, nephew of the Qing Empress Dowager Cixi.

Van Gulik named his *guqin* "pine wind," a reference to the Taoist master Tao Hongjing (456-536), who enjoyed listening to the sound of wind rustling in the pine forest. Back in Japan, he bought a tuning whistle, had a special table made for practicing his *guqin* and took lessons from a Chinese master in Tokyo.

Master Ye Shimeng taught van Gulik the piece *Three Variations on Plum Blossom*. The plum blossom is known to withstand the rigours of winter weather, its delicate fragrant blossoms persist despite the bitter chill. The flower is often used to describe people who are noble and forthright.

Van Gulik learned 10 *guqin* pieces from Ye, whom he deeply respected. In his grief after Ye passed away, van Gulik dedicated his 1940 monograph *The Lore of the Chinese Lute* to his memory.

In this work, van Gulik combines a player's appreciation and enthusiasm with a Sinologist's informed insight. He traced the evolution of *guqin* melodies and theory within the context of larger historical changes and cultural trends through different dynastic periods.

He translated the word *guqin* as "lute" instead of the usual term "zither" because the lute "since olden times in the West has been associated with all that is artistic and refined, and sung by poets." Thus van Gulik set the tone for his interpretation of the ideological meaning of the *guqin* as the highest symbol and expression of Chinese literati culture.

The next year he followed up with another book, *Hsi Kang and His Poetical Essay on the Lute*. His works are arguably the first academic studies on the ideology of the *guqin* and major non-Chinese sources for the study of the *guqin*.

After Japan declared war on the Netherlands in 1941, van Gulik was evacuated along with other diplomatic staff of the Dutch mission. He spent most of World War II as the first secretary of the Dutch delegation to Chiang Kai-shek's Nationalist government in the wartime capital of Chongqing.

It was in Chongqing that he met Shui Shifang, granddaughter of Zhang Zhidong, one of the four senior officials of the late Qing Dynasty known for advocating controlled reforms and modernisation. Shui, who also worked at the Dutch Embassy, first tutored van Gulik in Mandarin. They went on to marry and have four children. Shui said in an interview that the four years van Gulik spent in Chongqing were the happiest of his life.

With much of the heartland of China occupied by the Japanese, intellectuals and artists flocked to Chongqing, which enabled van Gulik to befriend many well-known *guqin* players, including local master Yang Shaowu and Zhejiang master Xu Yuanbai.

In 1945, van Gulik supported the foundation of the Chongqing Tianfeng Qin Society, which boasted several prominent figures among its founding members. Van Gulik took this opportunity to build a rapport with them, including Christian warlord Feng Yuxiang and senior Kuomintang leader and calligrapher Yu Youren.

In his biographical sketch of van Gulik, fellow Chinese diplomat Chen Zhimai remembered watching him play a few *guqin* tunes for friends after dinner on several occasions.

After World War II, van Gulik embarked on a succession of foreign service posts in the US, India, the Middle East, Malaysia and Japan. Despite constantly moving, he continued his research, writing and translations. He died of cancer in The Hague in 1967 while serving as Dutch ambassador to Japan. He was 57.

In 2014, van Gulik's family donated 116 pieces of his personal collection to the Three Gorges Museum in Chongqing, including his "pine wind" *guqin*, his rosewood desk, collected antiques and his own calligraphy, paintings and writings.

Van Gulik realised his dream of living like an ancient Chinese scholar-official who wrote poetry, practised calligraphy and painting, and played music in their spare time. As Chen Zhimai wrote about van Gulik playing *Flowing Water* for Chinese friends beside the Jialing River:

"For how could we help being enthralled by this young man from Europe, whose physical features were anything but Chinese, playing for us this tune which had remained in the Chinese mind for 2,000 years." ★

This article is a transcript of an episode of NewsChina's Podcast The Context.

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The undulating landscape between Wu Mountain and Wu Gorge, Chongqing, December 15, 2022 (Photo by VCG)

Yangtze River

Cruise Control

A voyage along the Yangtze offers much more than the fabled Three Gorges, with a packed itinerary of sights to experience, both on shore and off

By Michael Jones

The wild and majestic Yangtze River extends for approximately 6,400 kilometres, through some of the world's biggest metropolises including Shanghai, Nanjing and Wuhan. It also meanders through some of China's most pristine natural territory, where somehow the endemic Chinese alligator and narrow-ridged finless porpoise have managed to survive, despite the sad extinction of the Yangtze River dolphin.

The river offered a challenging adventure to local and international visitors for centuries, with many unfortunate souls falling victim to its rapids and hidden dangers. Amazingly it was only in 2019 that Ash Dykes from Wales became the first person ever to hike the entire river from mouth to source. As a fellow Welshman I was inspired by Ash's journey and sought to emulate part of it. However, I chose to do so from the comfort of a suite with balcony aboard a five-star cruise ship.

River cruises offer the opportunity to experience a country from a new angle, and the Yangtze River certainly has some intriguing angles. Almost all cruises on the Yangtze travel either from Chongqing to Yichang, or vice versa. The downstream route takes three nights (four days) while the upstream route lasts four nights (five days).

I started my adventure in Yichang, which is one of the greenest and most pleasant cities I have ever visited in China. I was stunned by the immaculate and numerous flower beds and tree-lined avenues. Yichang has risen to prominence as the home of the Three Gorges Dam, the controversial hydro-electric power project that has dramatically changed the geography of the upper reaches of the Yangtze River. Yichang Museum was an excellent place to start my travels, as it included plentiful information about the Three Gorges area, and some of the treasures that have been lost beneath the rising waters.

Coffins in the Clouds

The most fascinating discovery was that the area around the Three Gorges between Yichang and Chongqing is one of the few areas in the world to be home to mysterious hanging coffins. For those unfamiliar with hanging coffins, it seems that certain ancient Southeast Asian cultures chose to bury their dead in coffins that were either literally hanging from cliffs, suspended on wooden poles in cracks on cliff faces, or squeezed within small nooks and crannies within the cliff face. To this

A decorated tree at a temple in White Emperor City, Fengjie, Chongqing (Photo by Michael Jones)

day there is no consensus among scientists and historians as to how the ancient cultures managed to achieve such elaborate feats of engineering, considering many of the coffins are in inaccessible locations often over 100 metres above the canyon floor. Sadly, the majority has been lost, either relocated by the government or subsumed under the water. Indeed, with the water rising well over 100 metres in many places along the river, the Three Gorges Dam has drowned numerous historic and natural points of interest.

Thankfully, a few hanging coffins can still be seen by visitors. There are examples in the Yichang Museum, and an exhibition hall within the White Emperor City. However, the most fascinating examples are those that remain in situ. One such example is located near Yichang in the 'Tribe of the Three Gorges' open-air museum. Better examples still can be seen along the Shennong Stream, which many tourists visit on smaller sightseeing boats.

Hidden Secrets

Nevertheless, even without seeing the hanging coffins, the experience of sailing through the Shennong Stream, Qutang Gorge and Wu Gorge is certainly the highlight of the trip. The awe-inspiring mountains and cliff face that lines the river dwarf the passenger and cargo ships, despite their gargantuan size. Visitors cannot help but feel reminded of their own relative insignificance and vulnerability in the world when faced with such stark and sheer natural majesty. Considering the present scale of the gorges, it is almost impossible to imagine that they were originally over one hundred metres taller, with a much wilder, rockier, and more dangerous Yangtze River flowing at their base.

I could easily have enjoyed weeks of simply sailing through those canyons without distraction. Unfortunately, the journey through the gorges only lasts a couple of hours. As it happens, this is also pretty much the only time during the entire cruise that you are not rushed off your feet visiting attractions. More than one person I met snoozed through at least part of the gorge experience, not realising that it would form just a couple of hours on just one day of the holiday. Indeed, perhaps to accommodate the timeframe of Chinese national holidays, or perhaps for other cultural reasons, the Three Gorges cruise is a jam-packed travel option. For example, on day four, we disembarked after breakfast and did not return to the boat until dinner time.

However, this should not put people off. The places we visited were astounding, and well worth the sore feet. Nevertheless, it is worth ensuring that you are prepared for a holiday full of action, rather than rest and recuperation. Perhaps in the future they will offer the same itinerary stretched out over a full week. It would be nice to relax on deck, drinking a cocktail, as the ship sails peacefully through serene nature. However, it seems not everyone has the same desires. Indeed, apart from the handful of foreign travelers, the ship's gigantic cocktail lounge was almost entirely empty for most of the time. On the plus side, this guaranteed quick access to the bar, where top shelf cocktails were readily available and expertly made for as little as US$4.

Of all the attractions that we toured on land, one stood out above the others. On the fourth day we visited Wuling Great Rift Valley within the enormous Chongqing municipality. Like so many of China's hidden secrets, walking along the floor of Wuling Great Rift Valley should be on everyone's bucket list. The valley is extensive and could be a holiday destination in its own right. For much of the valley there is a magnificent balance of sheer cliffs and forested slopes soaring above visitors. Then, in places, the rift narrows to just a couple of metres, and one finds oneself within a cave-like crevice, walking along a narrow path, unable to see the top, and suspended dozens of metres above the small stream at the base of the rift.

When the futuristic towers of Chongqing finally greet the ship, the entire experience seems to have passed in the blink of an eye. Yet, with such an exciting itinerary, cameras are full, and memories are aplenty. Sure, I wish I could have stayed aboard for longer. But perhaps it is not a bad idea to finish an experience when you still have a feeling of wanting more. ★

Practicalities

Many companies operate cruises, some cater more to Chinese tourists, others are more international. Much of the sailing is done at night while you sleep. There are daily shore excursions with local guides. Bring small bills (Chinese or foreign currency) for tips, as well as for the crew of the ship as you disembark. All food is provided on board, usually buffet style, with Chinese and Western options.

The TikTok Pension Plan

By Chris Hawke

I recently ran the numbers, and I realised I'll never be able to retire. My best hope? My baby daughter becoming a TikTok dance star and buying me a house. This, in short, is my retirement plan.

So I've decided to turn things around and become frugal. I've purchased a slow cooker, and I'm experimenting with making turkey legs and beef stews. I'm wearing used clothes and second-hand shoes.

You'd think my wife would applaud this effort. After all, frugality or *jian* is an ancient Chinese concept at the core of Confucianism and Taoism. The current focus on frugality among government officials is not new. Rulers such as Cao Cao of the Wei Kingdom implemented strict measures to limit extravagant spending and encouraged their subjects to conserve resources.

However, my wife responds to my slow-cooked turkey legs with fast food – KFC, to be exact. Followed by ice cream.

My wife's family expresses love through food. Or they're just gluttons trying to sugarcoat it – I'm still uncertain. At any rate, at an age when most babies are eating baby cereal, our child is getting five course meals for breakfast, lunch and dinner. Our baby is eating food that I didn't even know existed until I was in my 20s. Foods like avocado, mango, smoked salmon, eggs with Pecorino Romano grated on top.

As soon as our child was born, my wife stopped cooking for anyone but the baby. A meal might include a piece of gouda, some yogurt, berries, melon, banana, sweet potato and salmon. Meanwhile, mum and dad eat turkey leg. When mum is sneaking out the KFC, I am eating the baby's leftovers from her bowl, the highchair and the floor.

After the baby was born, my wife not only stopped cooking for us. She ceased doing my laundry and cleaning our room, which has now become my room as she shares her nights with the baby. If we have guests, I do the cooking. She says motherhood is a full-time job. That is certainly true, but having a full-time job is also a full-time job, I reply. She shrugs and puts a slice of ribeye steak in the baby's mouth.

Our baby is eating food that I didn't even know existed until I was in my 20s. Foods like avocado, mango, smoked salmon, eggs with Pecorino Romano grated on top

Our Chinese friends have a baby who is four months younger than our little girl. They recently visited and I presented them with a few boxes of washed, folded clothes our baby had outgrown. They turned red and politely refused, without even opening the boxes.

Apparently, to the Chinese, wearing used clothes is akin to donning someone else's leftovers. And my wife won't even eat leftovers, let alone smear them all over her body.

This aversion is partly due to hygiene, has an ineffable connection to ghosts, and has a lot to do with *mianzi*, or the concept of face. If *jian* is the white half of the yin-yang Taoist symbol, *mianzi* is the dark side.

If you've lived in China, you know *mianzi*. It's time to pay the bill at a restaurant, and a fight erupts over who gets the honour. Amid the chaos, one sly soul slips cash into the waiter's hand, heralding their triumph and everyone else's downfall.

Mianzi is the force that makes farmers in rural villages give their daughters new Volkswagens as a wedding gift. It is the force that causes a single bottle of premium Chinese liquor to cost the same as a case of good Scotch or wine.

I've often asked my wife what her favourite meals are so I can cook them for her. She tells me, "Oh, everything you cook is good." This is another example of *mianzi* – she does not have the heart to say that no matter what I make, she won't like it.

My wife and mother-in-law are both nervous people. Over the course of a day, they probably fret over scores of questions, from minor things like, "My husband is frowning. I wonder what he is thinking about," to more existential issues like, "How will I feed myself after retirement?"

I recently expressed to my wife my sympathy for her mother, whose life is dictated by fear and anxiety. I speculated that the reason her mother married her father, and the reason my wife married me, is because we are calm, centered people who help put them at ease.

My wife laughed and said, "The reason my mother and I are so nervous is that our husbands don't make enough money!"

So much for *mianzi*. Now if you'll excuse me, I need to go dance with my daughter. ★

Working on Fluency

By Sam Duckett

I'd like to think my experience of arriving in China was somewhat unique. It all started with a sleepover at my friend's house at the age of 12 where we cracked open his dad's collection of Hong Kong action films. At the age of 16 I asked my mum for Chinese lessons and fast-forward to my early 20s, I found myself in Beijing, studying for my master's degree in Chinese Language and Literature.

After graduation, I started my professional career at an English radio network in Beijing and became acquainted with the expat community for the first time. It was then that I realised the acute contrast between the different types of experiences that foreigners have in China. While I had minimal difficulties with the language barrier, I still struggled to adjust to work life in Beijing.

It was at the radio station I met someone who would become a lifelong friend. Chris had experienced China on the opposite end of this spectrum. Having spent his childhood bouncing between the US and the UK, he had an incredible level of emotional maturity and was beloved by most of his colleagues, but he often found himself frustrated with the language barrier. We were a perfect match – I acted as an interpreter, and he would keep me in check whenever I did anything silly.

Chinese universities do an incredible job of protecting their students, providing everything from supermarkets and canteens to hair salons and coffee shops on campus. It's entirely possible to spend years in a Chinese university without ever leaving the campus. In fact, whenever we would leave the campus, we would often joke we are going to the "real Beijing." But working in Beijing is an entirely different experience. Day-to-day life in a big city can be overwhelming, and the work environment can be a minefield of office politics.

As someone who is fluent in Chinese, there was often an expectation that I would be fluent in Chinese office culture, which initially couldn't be further from the truth. I struggled with showing an appropriate level of modesty commonly seen in a Chinese office. Later on in my career, I would also come to find out that Chinese speaking even served as a detriment at times among some of my superiors as I didn't fit their expat box. They would even go as far as to pretend I couldn't understand and try to interpret for me. Walking this tightrope to please both the people that wanted me to fit into their stereotypical view of an expat and those who saw a multilingual employee as an asset has been somewhat exhausting.

Connecting with my expat counterparts was equally challenging as I had never been the "let's all go out for a drink on Friday night type." Therefore, the idea of spending the night in Sanlitun with my colleagues always felt somewhat daunting.

We were a perfect match – I acted as an interpreter, and he would keep me in check whenever I did anything silly

However, over time, I learned to navigate the working expat scene with Chris's help. There are points of conversation you get accustomed to talking about. The most common and most challenging question I usually faced was "what's the best way to learn Chinese?" There is no easy way to tell someone "comprehensively study for four hours a day every day for the next five years," so you offer handy little tips that can help them along their way such as pronunciation techniques and how to better memorise Chinese characters.

At the radio station, I found a slice of heaven with the Chinese network's show called *Foreigner Perspective*, where two foreign hosts would discuss the latest social events in China entirely in Chinese with a Chinese intermediary. These types of conversations made me feel like I was back in university, and this space was essential for my sanity in this new environment.

The host of the show, Peter Yu, also went out of his way to teach me how to conduct myself with my Chinese colleagues and grow as a professional. Looking back on my life, I honestly do not know where I would have ended up without him. He made me realise the importance of a strong mentor.

Ten years into my professional career, I feel like I have come a long way from when I first graduated, and I feel more at home in the Chinese office environment than I could have ever expected. I owe my ability to navigate cultural differences to the lessons I have learned in Beijing. As I reflect on my journey, I feel grateful to everyone who helped shape me into who I am today. ★

Big Bowls of 'Morning Coffee'

By Mina Yan

I love spicy food, but man, first thing in the morning? That's a tough one to swallow.

I had never tried hot pepper soup until I moved to Kaifeng, Central China's Henan Province, where it's a speciality. Locals eat it for breakfast on a pretty regular basis. Drive down the streets in Kaifeng in the morning and you'll see stall after stall selling local breakfast foods, many of which brag they've got the best hot pepper soup in town.

Although there are different variations of hot pepper soup all over the province, the basic ingredients remain the same. Hot pepper soup (*hulatang*) is a pretty literal translation of what the ingredients contain: *hu*, short for *hujiao*, means pepper, *la* means spicy and *tang* means soup. Every variation of hot pepper soup will contain some form of pepper and a meaty beef broth, which tends to be on the thicker side. Depending on where you are, there'll be star anise, ginger, fennel, vermicelli noodles, and other traditional Chinese ingredients that cater to local tastes.

I love ordering hot pepper soup in the US. While it's starting to sound like your typical hot and sour soup from your local Panda Express, it's far from it.

Within my first week in Henan Province, everyone told me about this amazing local breakfast soup, so of course I had to check it out for myself. We hunted down one of the most authentic local spots that has a line out the door every morning. This must be the good stuff, I thought.

But then I was presented with a bowl of spicy soup the size of my face and man, was it spicy!

They really weren't joking with the name. I sat there, with my gigantic bowl of hot pepper soup, sipping it while hinting to my friends with a watery-eyed look that a bit of help in finishing would be in order.

Locals tend to eat it with a side of *gangzi youtiao* – twice-fried dough sticks that are crispy on the outside and soft and fluffy on the inside. Oozing with oil, they're still one of the tastiest things I've ever eaten, and the puffy inside really helps to soak up the hot pepper soup with each bite.

After that experience, I went a few months without attempting hot pepper soup. But, this soup has a way of growing on you. After eating it once, you'll occasionally find yourself thinking about it and even craving it at unexpected times.

Hot and sour soup, a Chinese American invention, has got nothing on Henan's hot pepper soup, but you can definitely tell where the they got their inspiration from.

The second time around, I came mentally prepared and with a friend to share my gigantic portion. The spiciness of the soup was rather soothing. It warms your whole body from your belly, and even after a small bowl you leave feeling happy and full as you go about your day. As my local friend says, "it's our version of a morning cup of coffee. It warms your body and your soul."★

REALCHINESE

tè zhǒng bīng shì lǚ yóu

特种兵式旅游

tezhongbingshi lüyou

Travel like an elite soldier // Guerilla tourism

As millions crowded scenic spots nationwide during the Labour Day holiday (April 29-May 3), the new term *tezhongbingshi lüyou* emerged – "travel like an elite soldier."

With *tezhongbingshi* meaning "special forces-style" and *lüyou* meaning "travel," the term describes a kind of guerilla approach to tourism – visiting spots using the least amount of time and money possible at the sacrifice of comfort. According to media reports, the term first became popular among university students who, due to their thin wallets, travel as economically as possible. Most do not mind walking tens of kilometres to rush about scenic spots. To save money on hotels, many visit spots overnight and return home the next day. Netizens joked that this style of travel takes the stamina of a special forces soldier.

The term caught on, prompting many to share tips about how to "travel like an elite soldier" in China's hottest cities. For example, there are many tips on Douyin, China's TikTok, telling people how to see all of Beijing's top sites in a day, including Tiananmen Square, the Palace Museum, Temple of Heaven and Summer Palace. However, some oppose the approach, arguing that visiting spots for the sake of a photo before moving on is meaningless. "The Palace Museum alone requires at least a whole day if you want to learn about the culture," read a comment on Douyin.★

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